

**MAXIMIZATION OF NATIONAL PRODUCTIVITY: THE ROLE OF LABOUR  
UNIONS IN A GROWING NATION**

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**Abstract**

National productivity is a core driver of economic growth, competitiveness, and social welfare, yet emerging economies such as Nigeria face persistent productivity challenges despite labour market expansion and institutional reforms. The study examines the role of labour unions in shaping national productivity outcomes, integrating historical, institutional and contemporary perspectives. Grounded in collective voice theory, the study conceptualizes a framework linking union history and structure, union density, bargaining power, industrial relation quality, worker voice, work place cooperation, motivation, skill development and labour efficiency. Employing qualitative-dominant mixed-methods approach, the study analysis incorporates secondary data, policy document, national productivity statistics and comparative insight from other emerging economies. Findings suggest that unions can enhance productivity through improved industrial relation, workers motivation and skill development, but weak institutional frame work and episodic industrial action may limit these benefits. This study contributes a context-sensitive framework for understanding union influence of productivity in emerging economies and provides actionable recommendations for policy, industrial relations management and labour governance.

**Keywords:** Collective Voice, Industrial Relations, Labour Unions, Productivity

**Introduction**

Maximisation of national productivity remains a central objective of economic policy across both developed and emerging economies, given its direct linkage to sustainable growth, competitiveness, and social welfare. Productivity growth determines a national’s capacity to improve living standards without triggering inflationary pressures or employment instability. In emerging economies, productivity performance has remained persistently weak and uneven despite sustained labour force expansion, market-oriented reforms, and periodic institutional restructuring (Organisation for Economic Co-operation and Development [OECD], 2022; World Bank, 2023).

Productivity growth remains a central determinant of sustainable economic development, particularly in emerging economies where structural transformation is often slow and uneven. Recent empirical evidence underscores the complexity of the relationship between labour market institutions and productivity outcomes; while some studies suggest that collective bargaining and union representation may enhance workforce coordination, skills development, and job security,

others indicate potential adverse effects relates to wage pressure and labour market rigidities (Bryson & Tanaka, 2025). The literature on labour market outcomes further reveals that union influence is context-specific and varies by institutional and economic environments, a pattern that complicates policy prescriptions for emerging markets (Yusof et al., 2025).

Labour market institutions within the context of this study, have re-emerged as critical yet contested actors in the productivity discourse particularly. Nigeria represents a particular relevant context for this analysis. As it possesses one of Africa's most organised labour movements, with unions such as the Nigeria Labour Congress (NLC) and trade union congress (TUC) actively engaging in nationwide industrial actions, wage negotiations, and government policy debates (Ilodigwe, 2025; Bamidele et al., 2024) Nigerian labour unions have not only shaped wage policy and industrial relations frameworks but have also influenced social policy reforms and broader governance issues through sustained collective action and advocacy (Ilodigwe, 2025). Nevertheless, Nigeria continues to experience productivity challenges, recurrent industrial actions, and fragile labour-management relations. This duality makes Nigeria an analytically rich setting for examining how labour union activities can both support and undermine national productivity.

Institutional and behavioural theories emphasised the collective voice role of unions, arguing that union presence can enhance communication reduce workplace conflict, strengthen worker commitment and facilitate skill formation, all of which are productivity-enhancing mechanisms (Bryson et al., 2021; Hirsch & Link, 2021). Empirical evidence from forwarding-thinking economies reflects this theoretical ambivalence. While some studies document negative or neutral productivity effects of unionisation, others find positive outcomes linked to improved industrial relations and long-term organisational investment (Addison & Teixeira, 2020; Doucouliagos et al., 2020). However, the transposition of these findings to emerging economies like Nigeria remains analytically problematic.

This study therefore shifts the discourse on national productivity away from narrow efficiency maximisation towards a more institutionally grounded analysis of the role of labour unions in shaping productivity trajectories in emerging economies. By integrating historical, institutional, and contemporary perspectives, this study contributes to the growing body of literature that calls for context-sensitive analyses of labour institutions and productivity in emerging economies (International Labour Organization [ILO], 2021; Visser, 2022).

### **Statement of the Problem**

National productivity growth is widely considered essential for economic advancement, yet emerging economies frequently exhibit persistent productivity deficits relative to developed counterpart. Existing literature has focused primarily on macroeconomic and structural determinants such as capital investment and human capital formation, but has largely overlooked the nuanced role of labour unions as institutional actors capable of influencing productivity outcomes through wage negotiations, workplace practices, and labour-management coordination.

The dominant empirical literature on labour unions and productivity is overwhelmingly based on data from developed economies. These studies typically assume stable institutional environments characterised by effective rule of law, credible collective bargaining systems, low informality, and

limited political interference in union activities. Such assumptions rarely hold in emerging economies where labour unions often operate under weak regulatory oversight, politicisation, and fragmented membership structured (ILO, 2021; Campos & Nugent, 2023).

Theoretical frameworks suggest divergent impacts of unions: on one hand, union presence can enhance information flow, reduce agency problems, and improve employee morale; on the other hand, unions may introduce rigidities and restrictive practices that hinder efficiency or investment incentives. While some cross-country evidence indicates positive correlations between unionisation and labour productivity in developing nations (Bryson & Tanaka, 2025), empirical evidence remains scarce and inconsistent, particularly when considering the institutional heterogeneity of emerging economies.

In Nigeria, labour unions have played a significant role in national development through advocacy for minimum wage reforms, pension systems workplace safety regulations, and democratic governance. However, prolonged industrial actions in critical sectors such as education, health, and energy have disrupted output and service delivery. The coexistence of these positive and negative outcomes highlights the unresolved question of how labour union influence national productivity in emerging economies.

The central problem addresses in this study is therefore the ascent of a coherent, institutionally grounded framework explaining the role of labour unions in national productivity enhancement in emerging economies, with specific reference in Nigeria.

## **Conceptual Literature Review**

### **History and Structure of Labour unions: From Global Origins to the Nigerian Context**

Labour unions emerged as collective institutions in response of early industrial capitalism's exploitive labour conditions. Internationally, the late 19<sup>th</sup> and early 20<sup>th</sup> centuries witnessed the formalisation of union structures grounded in collective bargaining the workspace representation, a legacy shaped by early industrial relations scholars and practitioners that recognised workers' organised action as essential to equitable labour markets. While foundational texts precede the period of this review, recent labour scholarship confirmed that these historical roots continue to shape union identity globally and influences contemporary industrial relations frameworks (Visser, 2022).

In sub-Saharan Africa, colonial and post-colonial transitions embedded unionism within broader struggles from political emancipation and economic redistribution. According to the Federal & Colonial Nigeria labour history documents (2025), the Nigeria's labour movement has its roots in early colonial labour disputes, notably the 1897 Lagos strike, where nearly 3000 workers protested wage reductions and changes to work conditions in the public works Department, an event that establish early collective resistance and shaped subsequent organised labour activism. The modern Nigeria union structure consolidated in 1978 with the formation of the Nigeria labour congress (NLC). This is the merger of four fragmented labour centres to create a unified national federation with 42 industrial unions, establishing the institutional architecture for organised labour in Nigeria (Nigeria Labour Congress). Ilodigwe (2025) opined that both the NLC and counterpart Trade

Union Congress (TUC) now dominate labour representation, negotiating for wages, workplace rights, and influencing public policy. This historical institutionalisation is pivotal for understanding union behaviour and organizational capacity in Nigeria. Unlike many developments context where union density has declines, Nigeria union remain structurally significant in both public and private sectors, shaping national policy debates and frequently engaging in industrial action to press for workers, interests. Recent nationwide strikes, like the indefinite general strike over minimum wage demand in 2024, have demonstrated unions' capacity to mobilize across sectors and influence national discourse, albeit with mixed implications for broader economic stability and productivity (Reuters, 2024; Associated Press [AP] News, 2024).

### **Union Density, Bargaining Power and Industrial Relations Quality**

Union density, define as proportion of workers covered by union agreements, remains a critical structural indicator of a union's capacity to influence labour market outcomes. According to Barth (2020) growing nations have experienced a sustained decline in union density, recent empirical literature underscores that higher union density is associated with coordinated wage policies and can improve productivity and wages when institutional mechanisms support collective bargaining channels.

In emerging and transitional economies, the relationship between bargaining power and labour share can be complex. Evidence from transition economies, according to Petreski & Tanevski (2023) suggest that stronger bargaining power can increase labour share of output but may also encounter countervailing pressures from capital mobility and labour market flexibilisation, complicating productivity outcomes. These findings highlight the importance of institutional quality, labour laws and credible dispute resolution mechanisms as moderators of union effectiveness (Abdulkadir et. al, 2024).

Nigeria's industrial relation framework is shaped by legal recognition of union rights and collective bargaining, but enforcement gaps and regulatory inconsistency use history of industrial demined relational quality between unions and employers. The history of industrial relations in Nigeria from colonial legacies to contemporary policy shifts has reflected tensions between legal provisions and practical bargaining outcomes, with institutional weakness occasionally leading to adversarial dynamics rather than cooperative labour-management relations (Victor-Akinyemi & Olashupo, 2024). These structural challenges contribute to industrial relation quality that is volatile, often influenced by political negotiation and shifts in economic policy rather than sustained institutionalised bargaining.

### **Worker Voice, Workplace Cooperation, Skills and Motivation**

Workers voice reflects on channels through which employees influence workplace decisions that is central industrial cooperation and motivation, collective bargaining, union representation, and workplace voice mechanisms serve as structural channels through which workers concerns are articulated and negotiated with management, improving communication flows and helping to reduce workplace conflict and uncertainty by fostering dialogue and mutual problem solving (Organisation for Economic Co-operation and Development [OECD], 2023).

Furthermore, the OECD (2023) stated that unions and collective bargaining mechanisms can facilitate inclusive dialogue between workers and employers, they help improve workplace cooperation, enhance worker morale and can contribute to skill development and organisational learning by expanding communication channels and addressing both monetary and non-monetary job quality issues.

However, the effectiveness of these mechanisms depends on how managerial practices integrate union participation into organisational decision-making. In many emerging economies, including Nigeria, limited employer commitment to cooperative engagement and inadequate enforcement of collective agreements undermines the potential motivational benefits of union representation. The frequent industrial actions in Nigeria segmented worker management relations, affecting the perception of unions and partners in productivity rather than adversaries in conflict (Ilodigwe, 2025).

### **Industrial Harmony, Labour Efficiency and Productivity Outcomes**

Sustained peaceful relations between labour and management is theorised as a key pathway through which unions contribute to labour efficiency and productivity. Ilodigwe (2025) opined that harmonious industrial relation minimises costly disruptions, encourage stable labour supply, and support long-term strategic planning within firms and economies. Evidence from Europe and other advanced settings suggests that coordinated bargaining systems with institutional support for cooperation correlate with lower conflict rates and better productivity outcomes.

In Sub-Saharan Africa, research highlights that the quality of industrial relation which encompasses legal protections, dispute resolution mechanisms collaborative practices play a mandating role in how union activities influence labour efficiency and employer-employee relations (Jirjahn, 2025). Where institutional frameworks are weak or conflictual, productivity outcomes can be mixed. Nigeria labour actions illustrate this complexity: while union mobilisation has contributed a policy outcome such as adjustments in minimum wage negotiations prolonged strike action in 2024 led to shutdowns of the national electricity grid, disruption of airline operations and paralysis of key services with consequential impacts on economic activity and public services (Reuters, 2024).

### **National Productivity in Nigeria**

The conceptual chain of unionism in Nigeria posits that union history and organisational structure help determine union density and bargaining power, which subsequently influence the quality of industrial relations and workers voice mechanisms. These in turn foster workplace cooperation, motivation, skill development, underpinning industrial harmony and labour efficiency, which cumulatively impact national productivity outcomes (Obiekwe & Lucky, 2019; OECD, 2023)

In Nigeria structured labour unions with historic roots and significant bargaining capacity have shaped industrial relations for decades. However, the impact on productivity depends on institutional quality, managerial willingness to engage in cooperative dialogue and the strategic orientation of union activities towards long-term competitiveness rather than episodic wage disputes.

## **Theoretical Concept of the Study**

The study is anchored on collective voice theory posits by Freeman & Medoff (1984) opined that labour unions improve productivity by reducing information asymmetry and workplace conflict. They proposed that unions provide a mechanism for workers to communicate collectively with management, improving workplace efficiency and morale, rather than just acting as a monopoly power that raise wages.

## **Methodology of the Study**

The study employs a qualitative-dominant mixed-methods approach, utilizing historical and doctrinal analysis of labour union evolution, complemented by secondary macroeconomic and institutional research. Nigeria is the principal case study, with comparative insights drawn from other emerging economies. Data sources include policy documents, labour legislation, ILO and OECD reports, and national productivity statistics. Content and thematic analysis techniques are applied to synthesise findings.

## **Conclusion**

Labour unions in Nigeria play a dual and content-dependant role in national productivity. Historically and structurally significant unions, including the NLC and TUC, provide mechanisms for collective bargaining, worker representation and policy advocacy that enhance workplace cooperation, motivation and skill development, thereby supporting industrial harmony and productive efficiency. However, weak regulatory enforcement, political interference and episodic industrial actions can undermine these positive effects. This study demonstrates that the productivity impact of union depends on industrial quality, managerial cooperation and the strategic orientation of union activities. Understanding this nuanced relationship is essential for aligning labour policy with national productivity objective.

## **Authors Position**

This study positions labour unions as critical institutional intermediaries that can drive productivity growth in emerging economies when supported by strong governance and cooperative industrial relations. Moving beyond narrow efficiency-maximisation paradigms, it frames unions as both protective and developmental actors. Nigerian unions exemplify this duality: while they enhance worker welfare and influence policy reforms, uncoordinated strikes and adversarial management relations limited productivity planning, recognising that labour institutions are as central to economic performance as capital and technology.

## **Recommendations**

Based on the methodology of this study, the following recommendations were considered;

1. Strengthen industrial Relations Framework. This is to enforce collective agreements consistently, improve dispute resolution mechanisms, and reduce political interference to enhance union effectiveness and industrial harmony.

2. Promote Cooperative Union-Management Engagement. Institutionalise inclusive dialogue channels and joint decision-making structures to foster workplace cooperation, skills development, and motivation.
3. Build Union Leadership Capacity. The union leadership should implement training programmes in negotiation, labour law, and productivity-focused strategies to align union objectives with long-term national growth.
4. Balance Industrial Action Policies. Design regulations that allow constructive collective action while minimising disruptions in critical sectors, preserving national output and public service.
5. Monitoring Labour Productivity Systematically. Established frameworks should be developed linking union activity, industrial relation quality, and national productivity to inform evidence-based policies and strategic planning.

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