**Abstract**

Most workers in Nigeria, like other developing nations, find it difficult to sustain themselves and their family despite the adjustment and re-adjustment of the minimum wage. This study, therefore, examined the effect of social-demographic factors such as: Age, Sex, Level of Education and Placements in an organization on wage determination. The study was a descriptive research survey. The population was all the 86 staff of the Federal Ministry of Labour and Productivity, Ilorin. While the study employed both stratified and simple random sampling technique. 60 employees of the ministry served as the study sample size. 66% of the respondents were males, while 34% female. The formulated hypothesis was tested with multiple regression. The result revealed that age, sex, level of education, family size and cadre level of placement of worker jointly predicted employee wage determination. The variable jointly predicted 17% changes observed in the reported employee wage determination. The study concluded that social-demographic factor such as: age, sex, level of education and employee placements in the organization affect wage determination. The study recommends that for an effective policy formulation the policymaker should consider the principle of wage differential because it ensure adequate coverage and measurement of the necessary variables that ought to be included while determining the minimum wage.

**Keywords:** Social-Demographic Factors, Wage Determination, National Minimum Wage Act, Employee Satisfaction, and Employee Welfare.

**JEL Classification Code:** E24, E25, and I31.

**INTRODUCTION**

The National Minimum Wage Act (NMWA) is seen as one of the critical government's components in its series of reforms. It was intended to provide "a decent income" that will improve the standard of living of the working-class and their families. So, the motivation behind imposing Minimum Wage ultimately lies in social objectives related to well-being and equity; notably the desire that an acceptable "take-home pay" is afforded to support low wage workers and their families. According to Jonathan and Jeremy (2015) stated that Minimum Wage should be adjusted regularly to maintain the purchasing power of affected workers in the face of price increases and avoid occasional large shocks to the economy. The welfare of impoverished workers and households critically depends on both their wages and the prices they face. The adjustment of the nominal minimum wage in the context of increasing prices is thus as necessary as the setting of the initial rate for minimum wage. A swift
adjustment in minimum wages is all the more critical. Given the appeal by International Labor Organization (ILO) and the trend of introduction of the minimum wage act in Nigeria (Jonathan, & Jeremy, 2015).

Although, minimum wage may be more relevant in the new world of work compared to the old world of work (Kadiri & Jimoh, 2017). The growth of small business and non-standard employment means that minimum wage legislature may be more difficult to monitor given the nature of such jobs which can be assumed as employing the large chunk of working poor after a large number of unemployed citizens (Nurasyiah, Miyasto, Mariyanti, & Beik, 2021). Nigerians who are lucky to have jobs are finding it increasingly difficult, if not impossible, to survive on their monthly payments. The primary reason for this is that the pay of the Nigerian worker is not only one of the lowest in the world; it has also not improved as it should in the face of changes in market conditions. Workers can no longer survive on what they earn; the situation is made worse by the fact that those who work also have to support family members who form part of the vast army of the unemployed (Kadiri, Jimoh & Adamade 2018).

Nigeria ought to be paying one of the highest minimum wages, given its resources and level of development. The reality, however, is that the existing minimum wage in Nigeria is one of the lowest in Africa. As huge revenues have continued to be acquired from the sweat of workers, the pay and other working conditions of workers have continued to deteriorate; workers have increasingly been excluded from the wealth created by their labour (Yang, He, Liu, & Cheng, 2018). While top government officials and the political class have seen their pay and wealth swell astronomically and workers have had to survive on starvation wages named minimum wage. Therefore, this study examined the effect of social-demographic factors such as age, sex, level of education and placement in the organization on wage determination.

Objective of the study

To determine the effect of social-demographic factors (Age, Sex, Level of Education and Placements) on wage determination

Research Hypothesis

Does social-demographic factors (Age, Sex, Level of Education and Placements) have a significant effect on wage determination

LITERATURE REVIEW

Concept of Minimum Wage

In the early 1967 ILO meeting of experts on minimum wage fixing and related problems had explained that the concept of the minimum wage contains three basic ideas:

(a) the minimum wage is the wage considered sufficient to satisfy the vital necessities of food, clothing, housing, education and recreation of the worker, taking into account the economic and cultural development of each country;

(b) the minimum wage represents the lowest level of remuneration permitted, in law or fact, whatever the method of remuneration of the worker, taking into account the economic and cultural development of each country;

(c) the minimum wage is the which in each country has the force law and which is enforceable under threat of penal or other appropriate sanctions. Issa (2010) defines minimum wage as the lowest to be paid to an employee in his or her place of work. A Decree or Act fixes a minimum wage typically. It is a wage or
amount which should provide for the subsistence of a worker (ILO, 1992) The intended objectives of establishing minimum wages are to prevent the exploitation of workers by employers, to promote a fair wage structure, to provide a minimum acceptable standard of living for low-paid workers and, eventually, to alleviate poverty, especially among working families.

**The Trend of Minimum Wage Legislation in Nigeria**

In the post-independence Nigeria, the federal government in 1973 enacted the wages board and industrial council act which empowered the minister of labour to set up machinery for fixing Minimum Wages and conditions of service in both private and public sectors of the economy. However, it was in 1981 that the Minimum Wage in Nigeria was first passed into law, giving birth to the minimum wage act of 1981 (Official Gazette, 1981, A53-57) which prescribed a minimum wage of N125 per month and is the principal act on Minimum Wage in Nigeria till date. It was revised after 10 years in 1990 to N250 per month and revised again in 2000 leading to the amendment of the principal act by the national Minimum Wages (Amendment) act 2000 laws of the federation of Nigeria which prescribed a national minimum wage of N5,500 per month. The 2000 Minimum Wage Amendment act was further amended in 2010 based on the recommendations of the justice Alfa Belgore led tripartite committee on national minimum wage. According to justice Belgore, the committee met severally and consulted widely.

It further took cognizance of the need to ensure that the outcome of the exercise must be growth-propelled in term of GDP growth rate... it also considered its capability of promoting the rapid social-economic transformation of the country, which will not lead to an inflation spiral. The objective is aimed at alleviating poverty in the country as well as maintaining macro-economic stability,” and based upon the negotiation of the stakeholders. The justice Alfa Belgore committee proposed the following among other things, which were forwarded to the secretary of the federation by the chairman of the committee at a widely reported ceremony on the 1st of July 2010.

1. A National Minimum Wage of #18,000 per month for all establishments in public and private sectors employing 50 workers and above.

2. An upward review of the sanctions that would serve as a deterrent to would-be violators of a new national minimum wage. The committee recommended that section 8 of the principal act, which prescribed a fine not exceeding six months or both such fine and imprisonment.” It also recommended the amendment of section 3 of the principal act which prescribed a fine not exceeding N100 and in the case of a continuing offence a fine not exceeding N10 for each day during which the offence continues,” to read instead,” a fine not exceeding N 50,000 and in the case of continuing offence to a fine not exceeding N10,000 for each day during which the offence continues.”

3. A more frequent review period, not exceeding five years, to be carried out by a statutory tripartite committee that would be appointed from time to time by the president.

4. That the existing national minimum wage act 1981 and its subsequent amendments of 1990 and 2000 should be
repealed, and replaced with a new act to be enacted.

In line with an appeal by ILO, that Minimum Wages should be adjusted regularly to maintain the purchasing power of affected workers in the face of price increases, and to avoid occasional large shocks to the economy. The welfare of impoverished workers and households critically depends on both their wages and the prices, and high inflation forecasts for 2008 and 2009, the swift adjustment in Minimum Wages in the context of increasing prices is thus as necessary as the setting of the initial rate for a Minimum Wages. It is imperative to note that the Justice Alfa Belgore Committee report was accompanied by a draft new National Minimum Wage Bill of 2010 to the national assembly which was passed into law in 2011.

**Minimum Wage and Poverty**

The goal of helping the working poor was also an essential motivation behind the most recent legislation to increase the National Minimum Wage from N 7,500 to N 18,000 per month in 2011. It remains a vital rationale for a legislative act, the standing with National Minimum Wage act of 2011, which would increase the National Minimum Wage yet again from N 7,500 to N 18,000 per month. While reducing poverty among the working poor is a laudable policy goal, the evidence suggests that Minimum Wage increases have thus far provided little more than symbolic support to this population (Nurasyiah, Miyasto, Mariyanti, & Beik, 2021). Several explanations have been offered for this finding. Sielemann (2017) emphasize that in America, Minimum Wage fail to reduce poverty because many poor Americans do not work. Others have argued that even among the working poor, the relationship between earning a low hourly wage rate and living in poverty is weak and has become weaker over time (Neumark & Wascher, 2008).

While an increase in the Minimum Wage will lift out of poverty the families of some low-skilled workers who remain employed, other low skilled workers will lose their families into poverty (Neumark and Waschcher, 2002; Neumark, Schweitzer, and Wascher 2004, 2005; Sabia 2008). These studies find that some low skilled workers lose their jobs or have their hours substantially reduced as a result of Minimum Wage hikes, causing income losses and increased poverty. On net, Neumark and Wascher (2002) find that the families of low-skilled workers are no better off and maybe made worse off by Minimum Wage hikes. Sabia (2008) finds a similar result for less-educated single mothers.

**Simulations of Who Gains from Minimum Wage Increase**

While literature recorded that adverse labour demand effects may help to explain the ineffectiveness of past Minimum Wage increase in reducing poverty (Neumark and Eascher, 2002; Neumark et al.; 2004; 2005; Sabia, 2008), another explanation may be poor target efficiency. A series of studies by Burkhauser, Couch, and Glem (1996); Burkhauser and Harrison (1991); and Bukhauser and Sabia (2007) have avoided the controversies surrounding the magnitude of employment and hours worked effects past Minimum Wage increases and have instead focused on the target efficiency of proposed increases. These studies assume no behavioral effects of the Minimum Wage but even under the optimistic assumption of no employment or hours worked effects, the authors find that workers receive few
benefits in poor households because most poor workers earn hourly wages higher than proposed state or federal Minimum Wage and most workers who do earn Minimum Wage are second-or third-earners that live in non-poor families.

One prominent critique of these simulations is that they overstate the benefits of Minimum Wage to poor workers because they ignore employment effects. As the study note, because they assume zero employment elasticity's their simulations are likely upper-bound estimates of the benefits to workers (Burkhauser & Sabia, 2007). A recent case study of New York state Sabia and Burkhauser (2008) finds that when they account for the adverse labour demand effects of the Minimum Wage, poor workers receive an even smaller share of shrinking. Somewhat related to the objective of reducing poverty, Minimum Wage is also sometimes regarded as a policy instrument for reducing wage inequality (theory and evidence discussed subsequently). Such wage inequality has increased in recent years, mainly reflecting the impact of technological change that has reduced the employment prospects of the less skilled, while increasing those of the more skilled. Other contributing factors include industrial restructuring from manufacturing to service (both low-end personal services and high-end business and financial service) as well as trade liberalization where import competition has been most robust at the low end of the wage spectrum.

Empirical Framework

Oni (2014) conducted research on determinants of wages: Evidence from Nigeria. This research paper investigated the determinants of wages and salaries in Nigeria using the recent General Household Survey (GHS). Survey data provided by the National Bureau of Statistics (NBS) on 5,000 households from all states served as the study source of data, the degree of wage inequality in terms of gender, education, experience, religion, and public versus private and self-employed versus private sectors carried out in 2010-2011. The findings indicate that at all levels of education, men receive 16.1 percent less than women, while experience variable coefficient is very small, which is 0.35 percent at traditional levels, and not significant. This result indicates that no important role in wage calculation is played by on-the-job preparation.

Kadiri and Jimoh (2017) examined the effect of minimum wage on employee welfare. A study of Lagos state civil servant. The study was descriptive and used a questionnaire to elicit information from the respondents. Student t-test was used to analyze the collected data, and the findings revealed that employees in the senior cadre are more satisfied in receiving minimum wage than those in the junior cadre. Jonathan and Jeremy (2015) Researched effects of Minimum Wage on Employment Dynamics. They show that commonly-used specifications in this literature, especially those that include state-specific time trends, will not accurately capture these effects—using three separate state panels of administrative employment data. They find that the minimum wage reduces job growth over several years. This finding is supported using several empirical specifications. They argued further that the minimum wage would impact employment over time, through changes in growth rather than an immediate drop in relative employment levels.

Christopher, Rowena and Eugenio (2015) Evaluate the impact of a wage
increase on mental health: Evidence from the U.K. minimum wage. Their study focuses on low wage earners who have a higher propensity of experiencing mental health problems and exploit the policy experiment provided by the introduction of the 1999 U.K. minimum wage to identify the impact of a wage increase on mental health. Combining matching techniques with a series of difference in differences models. It was discovered that the minimum wage had only limited short-run effects on the mental health of those affected by the minimum wage. Their estimates do not appear to support earlier findings that indicate that monetary shocks improve an individual's mental health. Several robustness checks controlling for measurement error and treatment and control group composition appear to confirm our main results. Therefore, their findings suggest that policies aimed at improving the mental health of low wage earners should consider either the non-wage characteristics of employment or more significant wage increases.

Theoretical Framework

Behavioral Theory of Wages

This theory stresses the importance of human behaviour. It concentrates on human thinking, orientation and psychology of management towards workers. How to satisfy workers psychology. It studies what motivates workers' life: money, incentives and other raises. Money fulfils the basic needs, but recognition, sense of achievement is more than just money. The behavioural theory stresses the usefulness of genuine organizational culture, traditions, dos and don'ts and higher-level needs. The image of the organization, union power and the social relationships which exists in an organization can induce and motivate workers to stay.

Subsistence Theory of Wages

David Ricardo wrote in his theory of rent that the price of corn (maize) is high not because rent is paid but is paid because the price of corn is high. However, in his theory of wages, Ricardo maintained that the laborers are paid to enable them to subsist and perpetuate the race without increase or diminution. In other words, subsistence wage is that wage or remuneration which provides for small subsistence wage is that wage of support or livelihood. It is for the barest minimum, in terms of clothing, food and shelter. According to David Ricardo, if wages are above subsistence, more would come for employment which would ultimately reduce the amount of compensation. But if wages are below subsistence, it would bring misery to workers.

METHOD, DATA, AND ANALYSIS

Research Design

The research design adopted for the study was descriptive research design according to Sekaran and Bourge (2016), the design attempts to provide an accurate description or a picture of a particular situation or a phenomenon at one point in time.

Population, Sampling Technique and Sample Size

The target population for the study consisted of workers under government employees whose salaries/wages are paid according to the National Minimum Wage Act of the Federal Republic of Nigeria reviewed in 2019. The study used the Ministry of Labour and Productivity
because they received their salary/wage according to the National Minimum Wage Act. The study used both stratified and simple random sampling technique. The stratified sampling technique was used to group the respondents based on gender, cadre and age and then simple random technique to select respondents randomly to ensure that all staff in the Ministry of Labour and Productivity, Ilorin has an equal chance of being chosen. 60 employees were sampled from 86 population of employees in the ministry.

**Method of Data Collection**

A questionnaire was used to gather data from the respondents. The study adopted two-way response structures which are otherwise known as Yes or No questions. The data collected from the respondent were subjected to statistical analyses using the Statistical Package for Social Science (SPSS) software. The analysis was in two phases. The social-demographic variables were analyzed using descriptive statistics while the second phase involved the testing of the generated hypothesis. The hypothesis was tested using multiple regression analysis tool.

**Data Presentation And Analysis**

The data were analyzed using the Statistical Package for Social Sciences (SPSS). Out of the 60 copies of questionnaires administered to the respondents, 56 copies of the questionnaire were completed and returned, which implies a response rate of 93.33%.

Table 1 below is the summary of multiple regression analysis. It shows the independent and joint effect of age, sex, level of education, family size and cadre level of placement of worker on employee life satisfaction.

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>T</th>
<th>P</th>
<th>R</th>
<th>R²</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dummy Variable1</td>
<td>.42</td>
<td>2.30</td>
<td>&lt;.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dummy Variable2</td>
<td>.06</td>
<td>.477</td>
<td>&gt;.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>-.05</td>
<td>-.37</td>
<td>&gt;.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How many people are part of your household a majority of the time</td>
<td>.23</td>
<td>.125</td>
<td>&gt;.05</td>
<td>.261</td>
<td>0.177</td>
<td>3.10</td>
<td>&lt;.01</td>
</tr>
<tr>
<td>What is your cadre level of placement in the workplace</td>
<td>.175</td>
<td>1.26</td>
<td>&lt;.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

p<0.01; p<0.05

The result of the multiple regression analysis revealed that age, sex, level of education, family size and cadre level of placement of worker jointly predicted employee wage determination (R² = .177, F (49) = 3.10, p<.05). The variable jointly predicted .175 changes observed in the reported employee wage determination. The implication is that age, sex, education, family size and cadre level of placement of worker collectively affect employee wage satisfaction. The result further demonstrated that age (β = .01, p<.01) were found to have a significant effect on employee wage
determination. While (β = .06, p>.01), education (β = .005, p>.05) and family size (β = .005, p>.05) did not have significant independent effect on employees wage satisfaction. The hypothesis is partially supported.

Discussion of Findings

The discussion of research findings is based on the data analysis and the tested hypotheses and also compared the findings with previous studies. The findings showed a partial significant relationship between the variables (age, sex, level of education, family size and cadre level of placement of worker) as a whole but on the individual variable, it was discovered that age has a significant relationship with employee life satisfaction which is in line with the finding by (Marques, Leal, Ferreira, & Ratten, 2020). Also supported the study's findings from other studies; (Kadiri et al. 2017; Card, et al., 1994; Christopher, et al., 2015). While sex, level of education, family size and cadre level of placement of worker on the other hand does not have significant relationship with employee life satisfaction. This is contrary to the findings by (Rashmi, and Kataria 2021; Jimoh, et al., 2018; Kadiri et al. 2017; Oni, 2014). The finding implies that the age of employees and their level of placement in the organization have an effect on the employees feeling and satisfaction with the wage.

CONCLUSION AND RECOMMENDATIONS

The study concludes that social-demographic factor such as age, sex, level of education and employee placements in the organization affect wage determination. Hence, the government parastatal under which the management of wages and salaries structure is in care should be prompt and diligent in reviewing the wage issue every ten years according to ILO regulation to motivate and encourage high productivity among employees. Therefore, the study recommended that:

i. In the future adjustment of the wage for effective policy formulation, policymaker should put into consideration principle of wage differential because it will ensure adequate coverage and measurement of the necessary variables that ought to be included while determining wage.

ii. Also, to reduce poverty and curtail the inequality impression, especially among female workers and those in junior cadre; the government should consider other benefits as a supplement for their wages.

ACKNOWLEDGMENT (if any)

Author(s) may acknowledge a person or organization that helped him/her/them in many ways. Please use the singular heading even if you have many acknowledgments.

REFERENCE


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