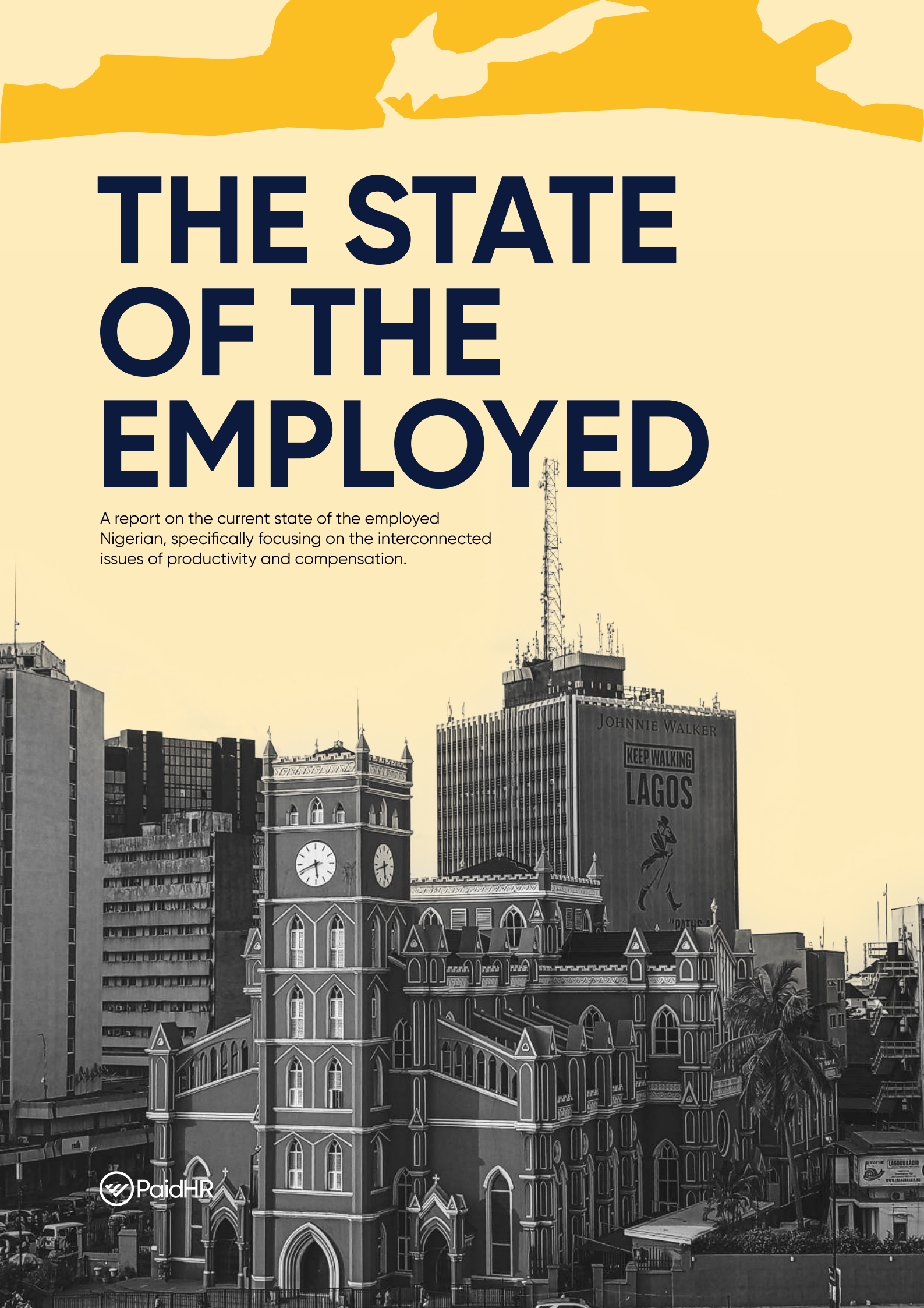


# THE STATE OF THE EMPLOYED

A report on the current state of the employed Nigerian, specifically focusing on the interconnected issues of productivity and compensation.



# Foreword

At PaidHR, our mission is simple - we want to make work simpler and improve the lives of Africans. While Africa continues to hold enormous potential for growth and productivity, the current reality of the African worker is that we are the most underpaid and overworked demography in the global workforce. It has become imperative then, that we become responsible as a people, to identify the problems in our society and work together to build lasting solutions to the problems that beguile our advancement.

This report, compiled by the team at PaidHR, provides a microcosm of the situation of the people who are employed in the Nigerian Labour Force today. It helps us understand the plight of people who earn salaries, spotlighting how they earn it, where they earn it, and what their earnings enable them to do. It is by no means a complete representation of how everyone in Nigeria lives today, but does give insight into what the reality is for a significant portion of our workforce.

Technology, which is the sector where we operate, does tend to give an illusion of the state of our economy and the resources available to the employers and the employed, however, we must respect the materiality of other sectors such as manufacturing, consulting, logistics, civil service, security, oil & gas and various other sectors who collectively make up the Nigerian Labor force.

We are humbled to be able to recognize the unique opportunity given to us, by virtue of our work, to tell these stories. We do hope that the audience finds the insights contained therein to be valuable and therefore appreciate the enormity of the task ahead - to transform Africa into a high performing territory with the buoyancy of a collection of thriving economies that can support the growth of its people to become adequately compensated so that we may fulfill our true potential.



**Seye Bandele**

Cofounder/CEO, [PaidHR](#)

# Executive Summary

Every year, hordes of young, enthusiastic Nigerians graduate and flock to the bustling city of Lagos, eager to join its vibrant workforce. Lagos, powering 30% of the nation's economy, serves as an intriguing focal point for our investigation. In this report, we embark on a journey to uncover the living costs, productivity, and overall quality of life for individuals who make a living in Lagos. Through detailed closed and open-ended questions, we aim to shed light on their experiences.

In the realm of productivity, participants point to the state of the economy and inflation as significant contributors to their mental well-being and work performance. We also shine a light on the persistent gender pay gap, which unjustly affects women across different marital statuses. Surprisingly, even those with higher earnings don't necessarily enjoy better financial stability, as a significant portion live beyond their means.

By diving into the demographics of the working class, exploring their living standards, and highlighting the employers perspective, we strive to offer a clear path forward.

**This report is our commitment to empowering THE EMPLOYED and fostering an environment where they can thrive.**



**Igwe Ola**

Data and Business Operations Specialist, [PaidHR](#)

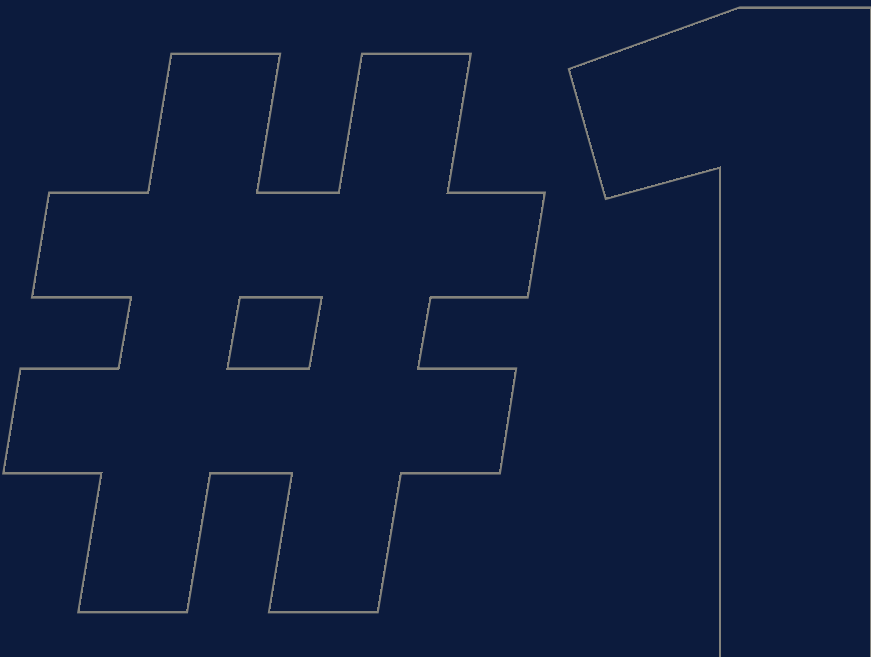


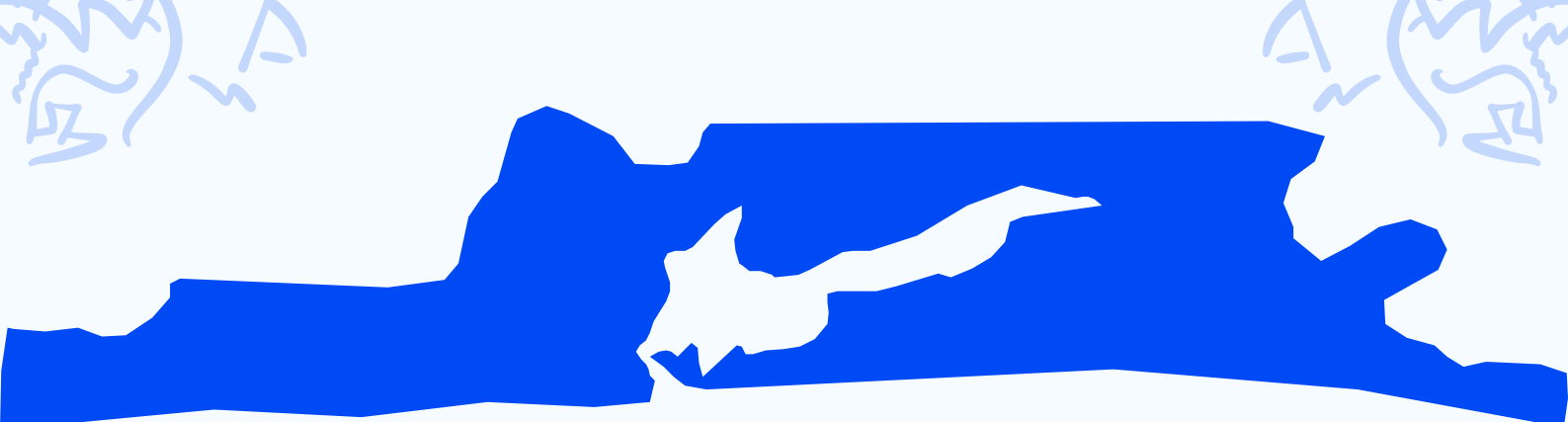
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# Introduction





In the bustling streets of Lagos, from rich neighbourhoods to the unmistakable trenches, our team conducted a comprehensive study of working individuals.

The participants, representing different local government areas (LGAs) in Lagos, offered a vivid snapshot of a young, ambitious, and dynamic workforce navigating Nigeria's economic landscape.

Our aim was clear: to understand how the current economic realities of Nigeria are shaping the financial and social lifestyles of these workers. The results are both revealing and thought-provoking.

51% of our respondents fall between the ages of 19 and 35, highlighting a workforce that is not only young and vibrant but also in a crucial stage of their professional and personal development.

Across every demographic surveyed, the average salary is ₦60,000 (\$37.5). We discovered that many within this group are still financially dependent, with numerous respondents living with a parent, friend, or sibling.

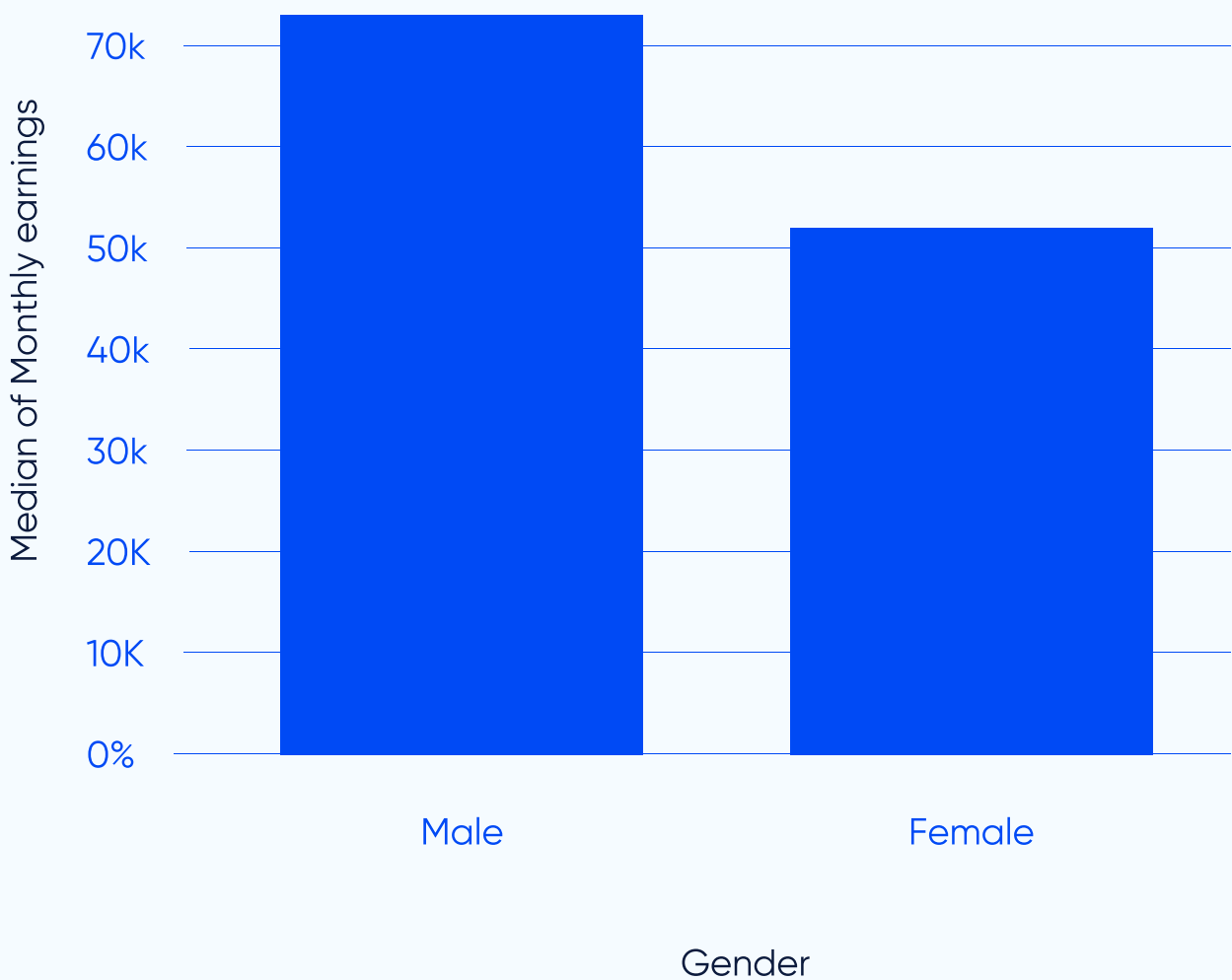
*"I had to remain in my family's house so I don't pay rent or utility bills"*

Kayode (30, single, ₦117k)

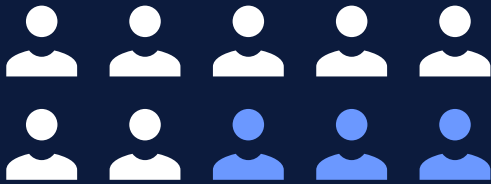
We also found that gender disparity in earnings is NOT a thing of the past in the Nigerian workforce. On average, men earn more than women, with the median pay for men at ₦70,000 (\$43.75), compared to ₦50,000 (\$31.25) for women.

This gap rings true across different demographics with married men earning 33% more than married women and divorced men earning 52% more than divorced women. This gap serves as a reminder of the ongoing challenges in achieving wage equality.

Throughout this report, we shed light on the real impact of economic pressures on the productivity, financial stability, and overall well-being of Nigerian workers, providing a comprehensive view of their experiences and challenges.



# Key Findings



7 out of 10 working individuals do not have access to loans or credit through their employers.



The average employee allocates 20% of their income to black tax.



58% of working individuals spend more than their primary income monthly



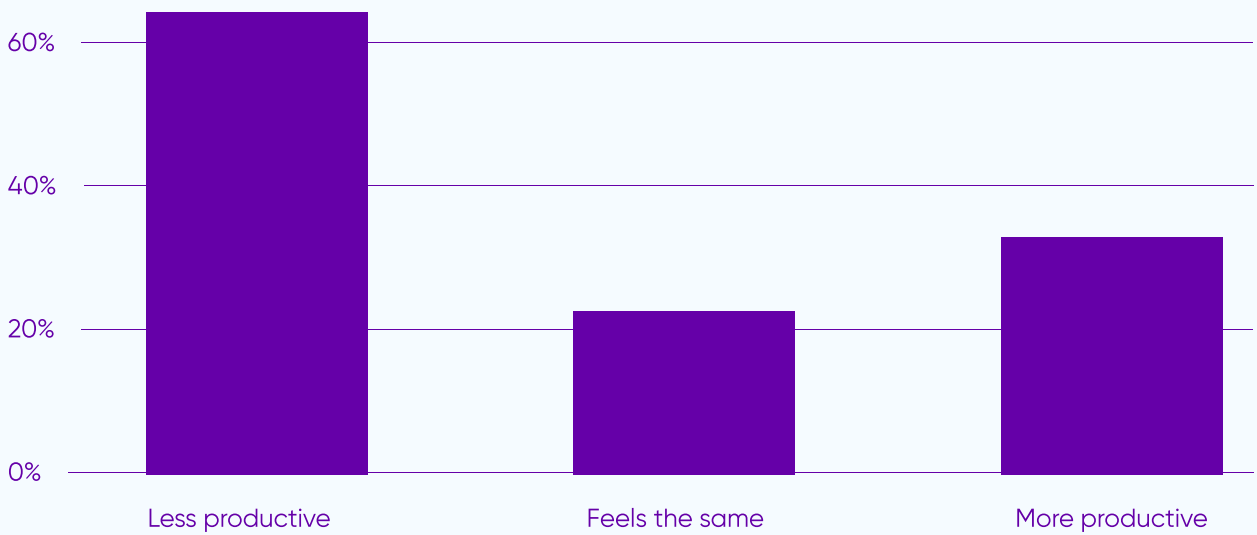
The median salary in Lagos is 60,000 naira(\$37.5)





# Productivity & Fulfilment



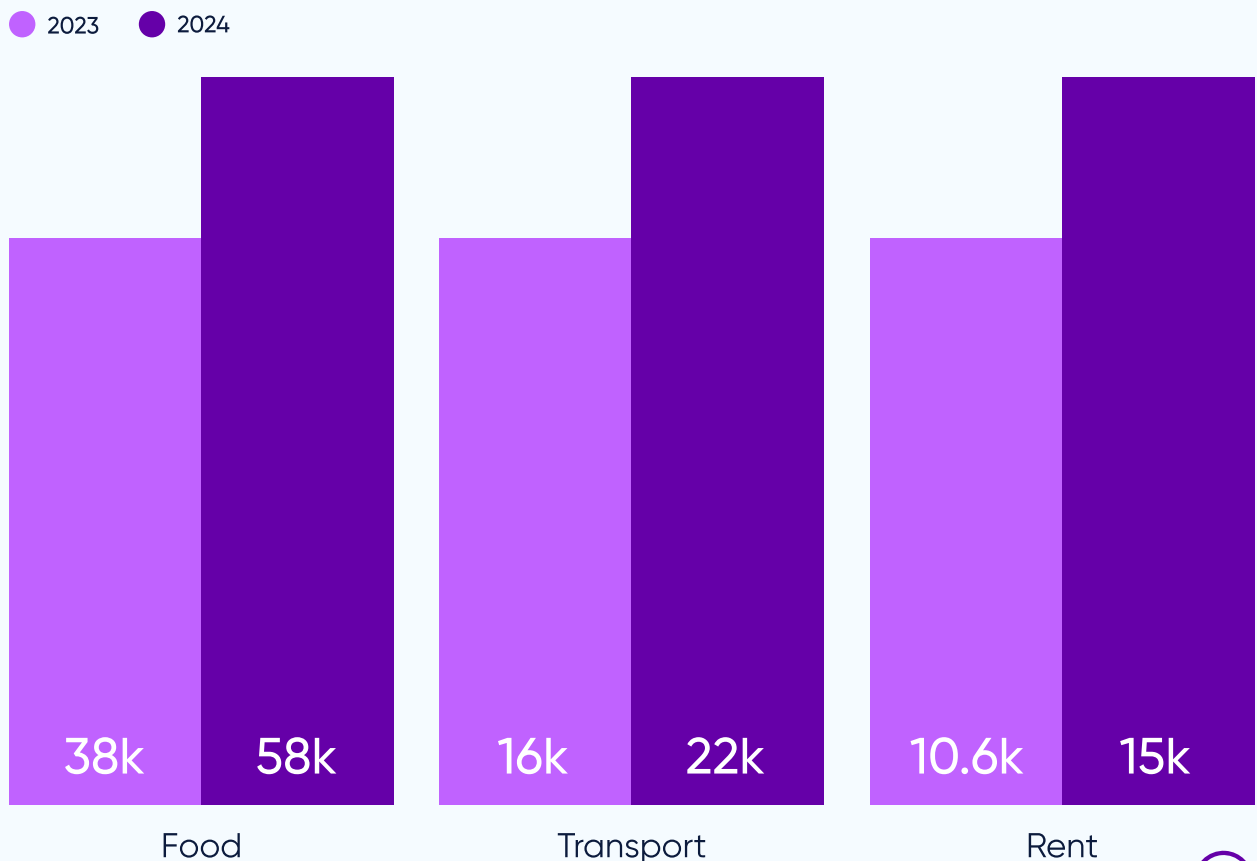


We wanted to know if Nigerian workers felt less productive in 2024 compared to the previous year.

The economic landscape in Nigeria has been turbulent. Inflation rose from 21.8% in January 2023 to 299% in January 2024. This economic pressure has forced many workers to feel less productive at work as they scramble to figure out how to allocate their income between sustainability, savings, and other essentials.

According to our study, 55% of Nigerian workers reported a decline in productivity compared to the previous year, citing the strained economy as a primary factor.

We examined the costs of basic needs of Nigerian workers in 2023 and 2024:





## Emotional and mental health

Interestingly, 58% of respondents felt that their productivity was not directly affected by money. Rather, they claimed that their mental and emotional state of mind was more responsible and expressed great dissatisfaction with the support received from their employers.

A tech industry worker shared with us:

*“Organizations go into the year with high hopes. If [the company] tells us to make a certain amount, that means they should provide resources for us. I’ve often not found that to be the case. I’ve had to pay out of my pocket to get things done.”*

## The role of debt in productivity loss

Another contributor to the emotional stress employees face is the rise in debt.

The Central Bank of Nigeria recorded a 30% YoY increase in loan demands between 2022 and 2023, compared to a 5% growth in the previous year.

This significant rise in debt may explain why 30% of working individuals feel less productive compared to last year.

A separate study showed that 5 out of 10 people always feel stressed about their debt circumstances, leading to sleeping difficulties, anxiety, and depression. Employees dealing with debt-related stress waste valuable hours on personal issues while at work, resulting in a significant drop in productivity.

# How Your Organization Can Keep Employees Focused

## Set Up Financial Wellness Programs

A further **15%** don't even know the financial benefits that their job offers.

Provide Earned Wage Access solutions that allow your employees to access a portion of their earned wages before payday. This can help them manage unexpected expenses without resorting to high-interest loans.

You should also partner with financial institutions to offer low-interest loans or salary advances, giving your employees better access to necessary funds without the burden of high-interest debt.

## Improve Work-Life Balance

You should also explore a non-financial route. Offer flexible working hours or remote work options to help employees manage their personal and professional responsibilities more effectively. This can significantly reduce stress and improve overall job satisfaction.

**70%**

of our respondents don't have access to loans or financing from their employers



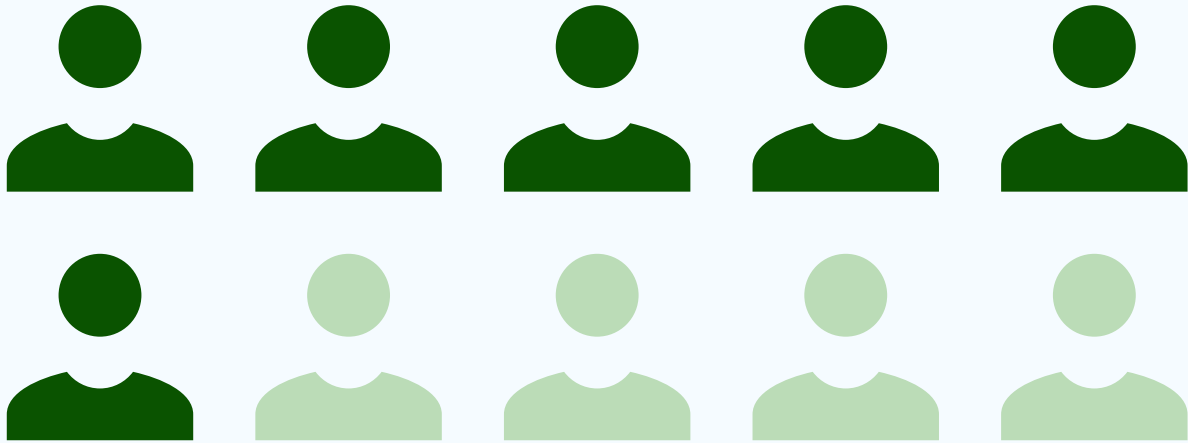
# Competitive Salary

What does it mean?



In our study, we put the concept of a competitive salary and its potential to meet the financial needs of Nigerian workers under scrutiny.

We found that 6 out of 10 working individuals in Nigeria live above their primary income every month.

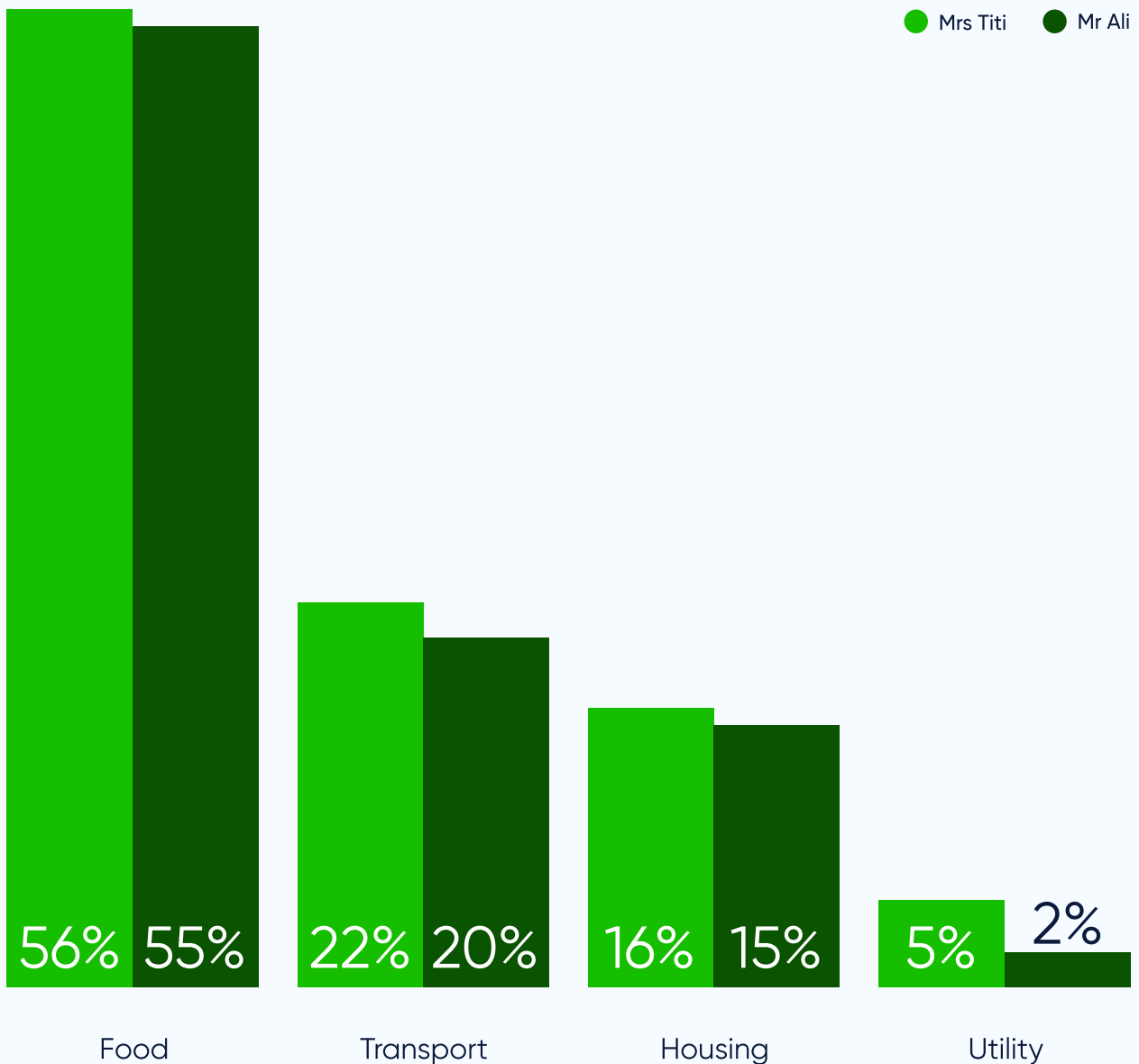


This raises important questions about the adequacy of salaries in relation to industry standards and basic survival needs.

Should a role's competitive salary be defined in terms of the industry standard or the nation's standard of living?

## Case study

We examined the financial situations of Mr. Ali, a banker earning ₦400,000 (\$250), and Mrs. Titi, another banker earning ₦290,000 (\$181.25). Despite their salary difference, both spend more than 90% of their monthly income on basic survival needs, leaving little to no room for savings.



# Comparative Industry Data

- According to proprietary data from Glassdoor, the average salary of a banker in Lagos is ₦210,667 (\$131.67).
- Mr. Ali and Mrs. Titi clearly earn more than the average compensation in their industry but both of them still struggle to meet their expenses.

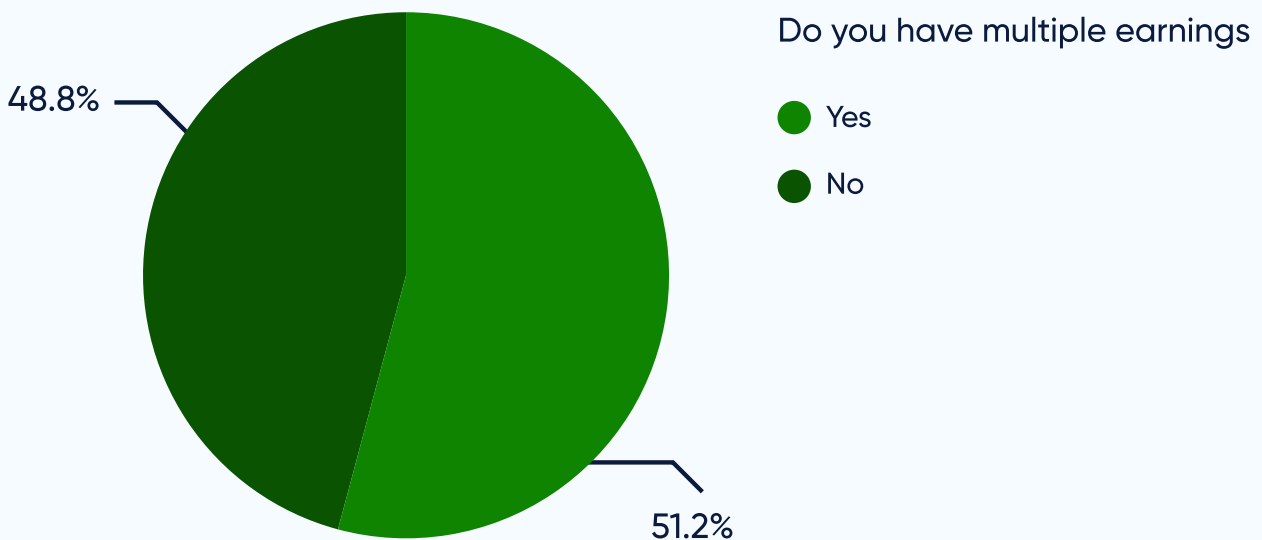
This situation underscores the need for employers to consider a livable wage that accounts for the cost of living, rather than merely adhering to competitive industry standards.

Michael, a tech sales executive, feels the same way too.

*“Beyond the budget for a role, companies should also factor the economic conditions and standard of living into the salaries they plan to pay.”*

In our study, we put the concept of a competitive salary and its potential to meet the financial needs of Nigerian workers under scrutiny.

We found that 6 out of 10 working individuals in Nigeria live above their primary income every month.



Our study further revealed that 51.2% of our respondents have more than one income stream. This portion of the workforce relies on additional income sources to supplement their primary income and navigate the financial demands of their daily life.

We built a cost of living calculator to help HR leaders and employees negotiate and arrive at a salary that's fair. Use the calculator [here](#).





# How Your Organization Can Address The Issue Of Competitive Salary And Improve Employee Well-being

Despite the challenging economic environment, employers can take several steps to better support their employees:

- 1. Adopt a livable wage policy:** A livable wage policy is one that is sufficient enough to meet the basic needs of an employee. Based on the regional cost of living, offer your employees compensation that covers their basic needs and provides some discretionary income.
- 2. Offer Additional Financial Support Programs:** Reduce the financial burden on your employees by offering subsidies on transportation and housing. This will not only reduce their overall expenses but also free up additional income for other essential needs
- 3. Be transparent about the state of the organization:** In an economic downturn, business leaders often become tight-lipped about the state of the company, causing insecurity and reducing morale. In times like these, overcommunication and transparency are key to retaining your best people and keeping everyone moving in the same direction.



# Financial Satisfaction

A Mirage For Many



Financial satisfaction refers to an employee's contentment or happiness with their financial situation.

Lagos State, the commercial hub of Nigeria, is home to some of the wealthiest persons and a robust "middle class." With a GDP of ₦41.17 trillion, Lagos stands far above the second-biggest state by GDP, Rivers State, which has ₦7.96 trillion. This economic disparity implies that employees in Lagos have a higher average income compared to other states in Nigeria.

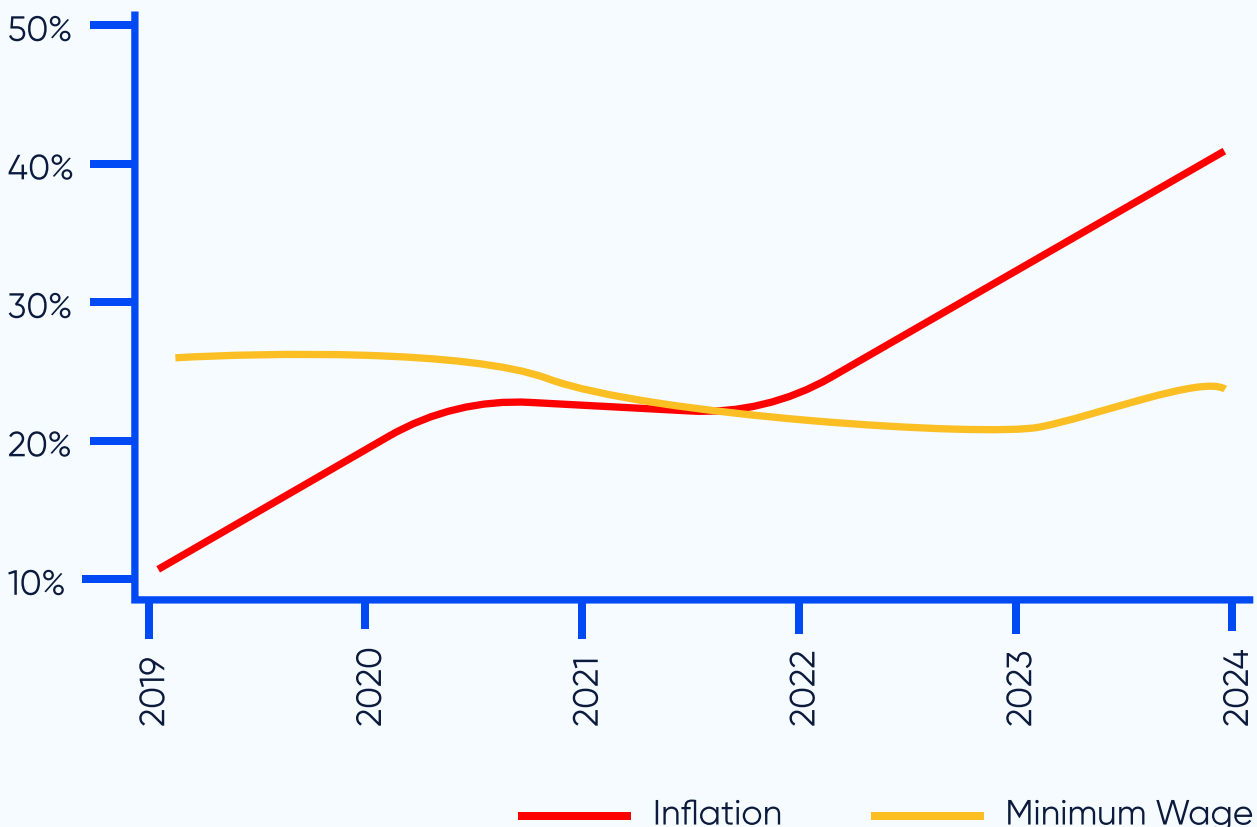
Does this mean that Lagos workers are "balling"? Our study suggests otherwise.

## The reality of salaries in Lagos

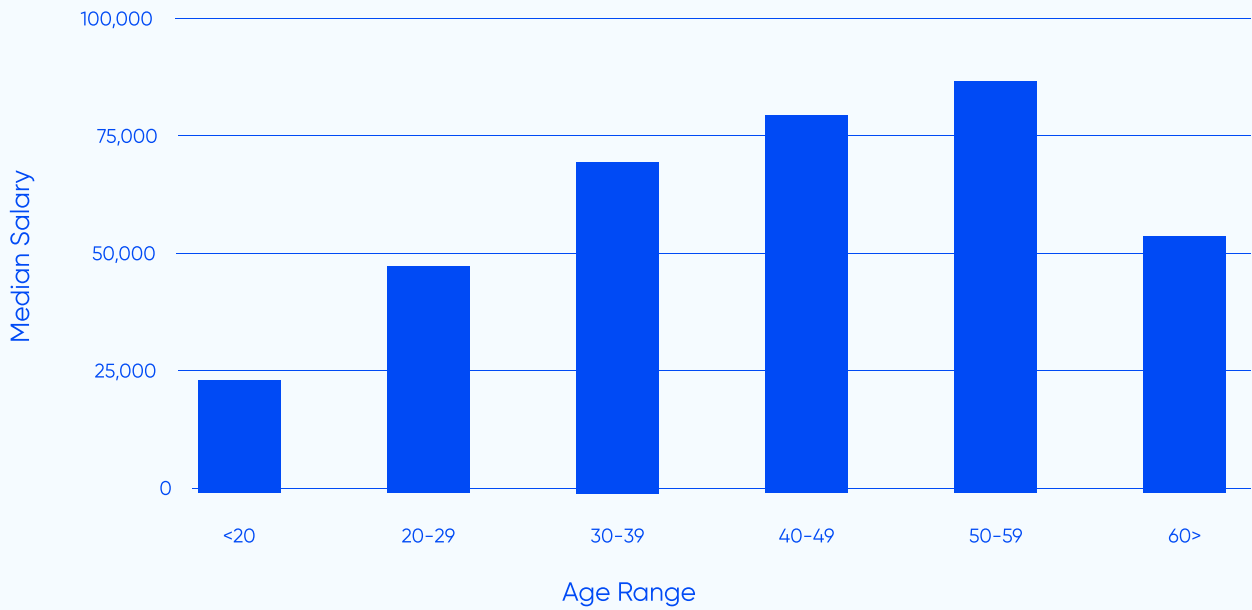
Our study reveals that the average salary for workers in Lagos is **₦60000 (\$37.5)**, double the minimum wage of **₦30000 (\$18.75)**.

However, this minimum wage was set in 2019 when the inflation rate was 11.9%. Fast forward to June 2024, and the inflation rate has skyrocketed to 33.6%, severely eroding the purchasing power of these salaries.

*Note that the minimum wage was increased to ₦70,000 (\$43.75) on Jul 23, 2024. However, at the time of the survey, it was still ₦30,000 (\$18.75)*



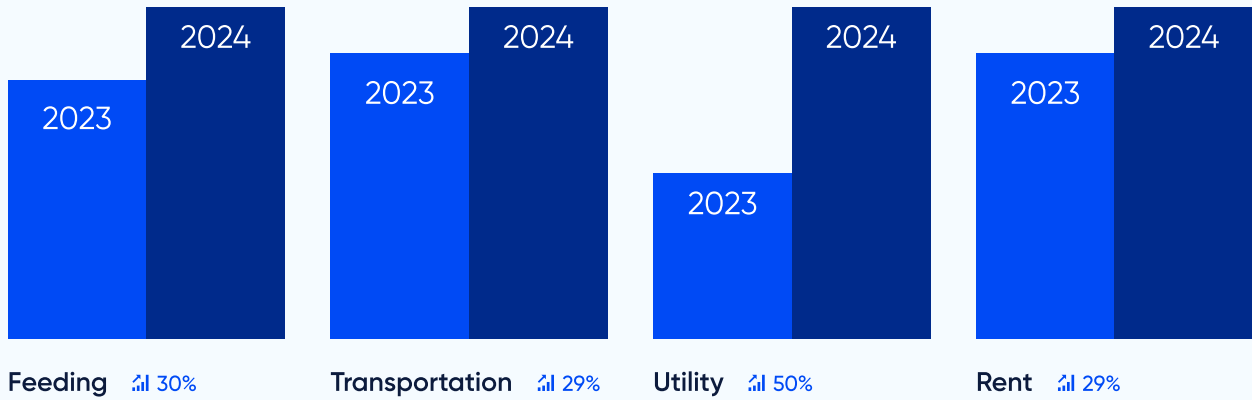
# Salary distribution



**78%**  
of our Lagosians earn less than 100k monthly

Only **7%**  
earn above ₦200,000 (\$125)

# Cost of living analysis



The figures represent the average amount spent by our respondents on food, housing, and transportation in 2024.

Considering these costs, it is clear that an average salary of ₦60,000 (\$37.5) is insufficient for a decent standard of living.

Food

**₦58,000** (\$36.25)

Housing

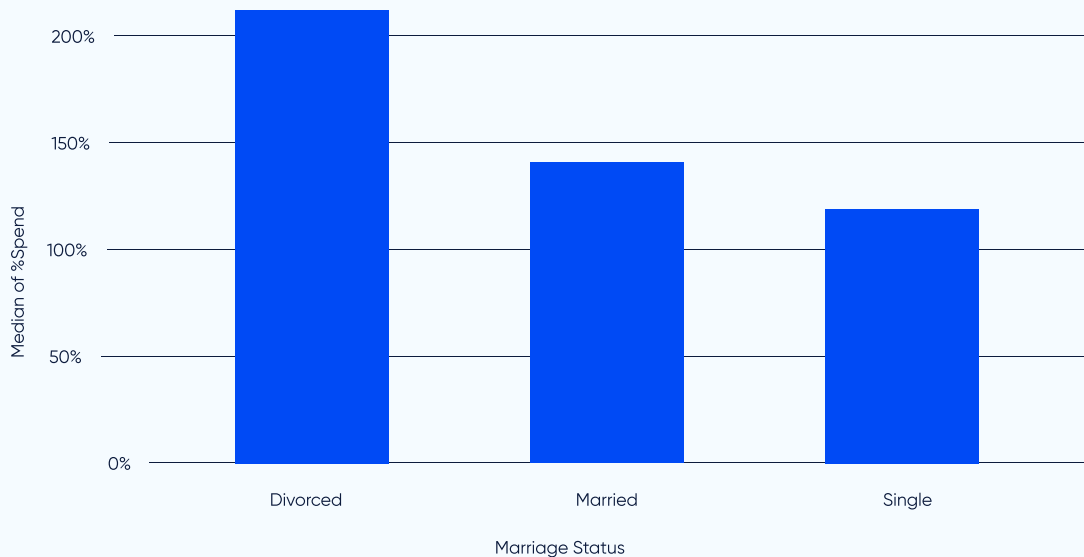
**₦15,000** (\$9.3)

Transportation

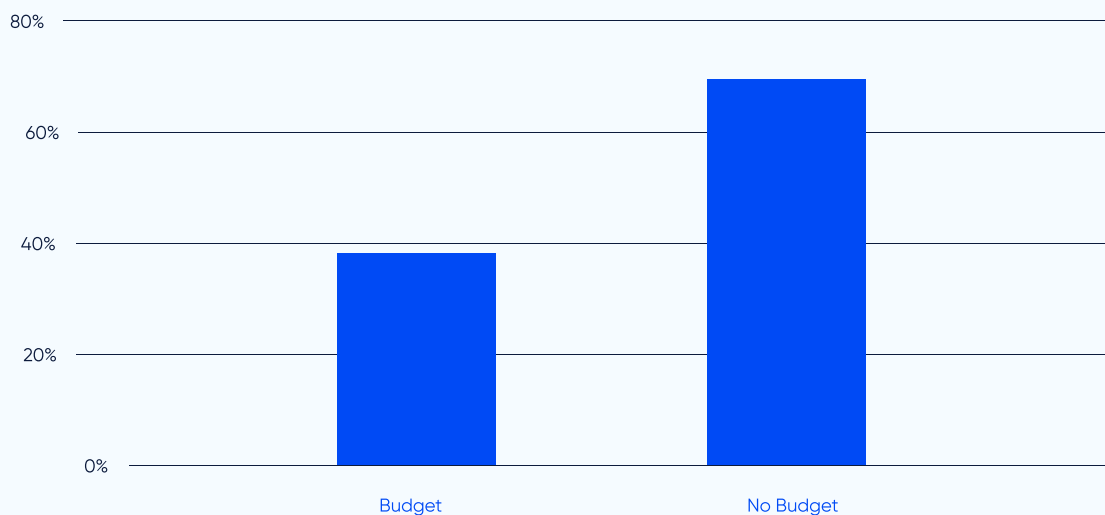
**₦22,000** (\$13.75)

# We wanted to know what percentage of their primary income Lagos workers spend on basic needs.

Median %Spend by Marriage Status



People who budget for enjoyment vs Those who don't



*"Go out and have fun." Well, they can't. It's expensive*

In fact, we found that the average amount set aside for leisure was ₦5,000 (\$3.13). For context, here's a list of things ₦5,000 can't buy.

- A carton of noodles.
- A bowl of catfish pepper soup and beer.

It's safe to say that Nigerian workers are not "balling".



# How Your Organization Can Address The Issue Of Competitive Salary And Improve Employee Well-being

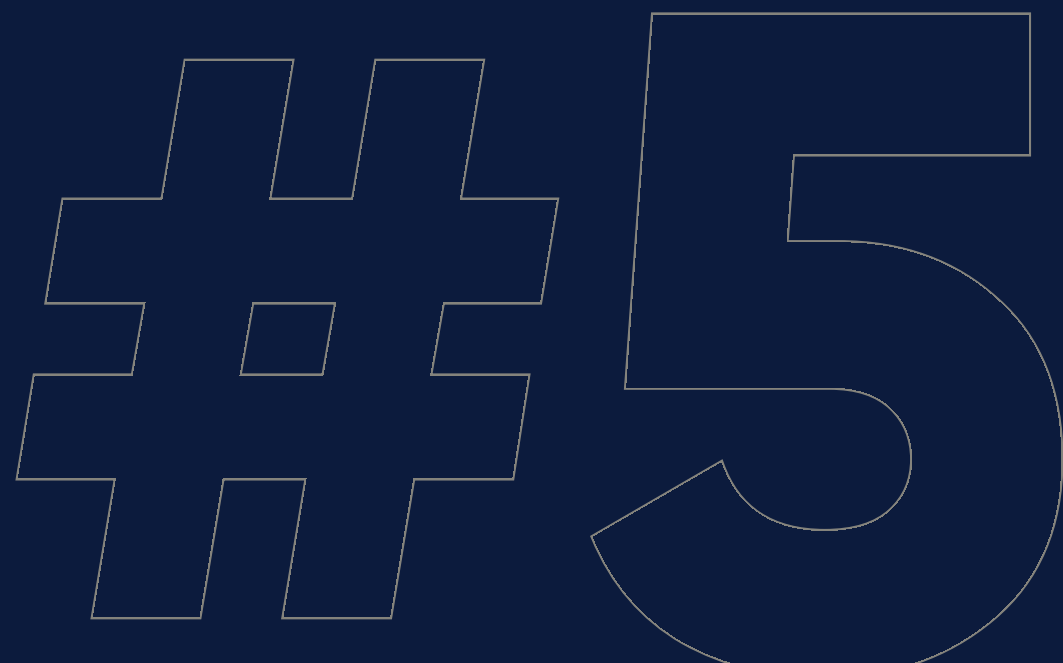
Despite the challenging economic environment, employers can take several steps to better support their employees:

- 1. Offer Career Development & Training:** Invest in training and development that can lead to career advancement and higher earning potential for your employees. Also, consider offering financial assistance for further education and professional certifications.
- 2. Create Supportive Policies:** In times like these, employees will appreciate programs that provide short-term financial assistance in the form of loans and grants. You could also consider partnering with other businesses to offer discounts on essential services.
- 3. Review Your Compensation & Benefits:** If you don't already, it might be time for you to start offering performance-based bonuses and incentives. You can also provide a comprehensive benefit package that reduces out-of-pocket expenses for employees



# Savings & Investments

The Struggle To Save  
for The Future





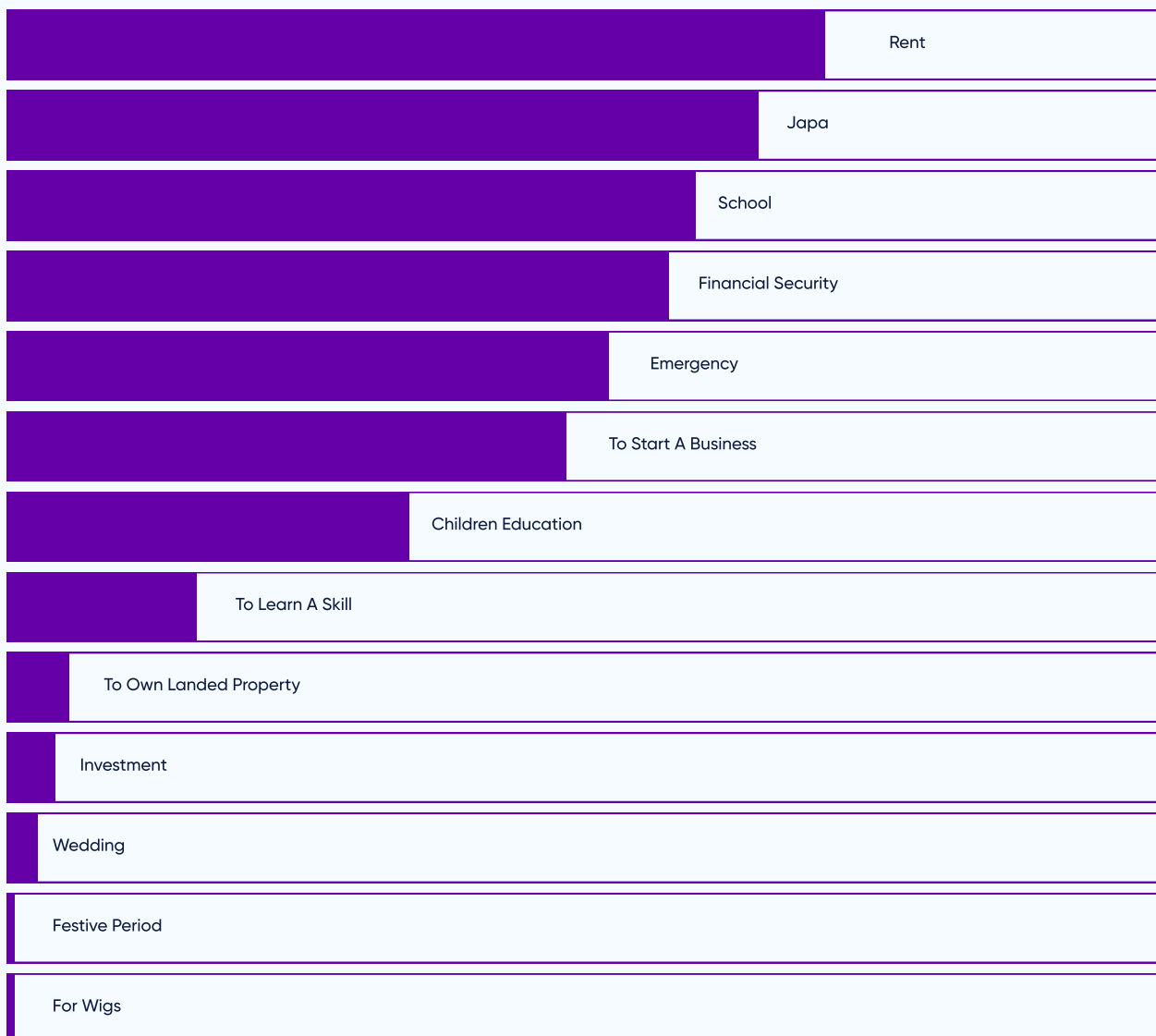
The popular 50-30-20 budgeting rule suggests allocating 50% of your income to your needs, 30% to wants, and 20% to your savings.

It is a straightforward rule, but how realistically is it in the face of inflation and harsh economic conditions?

Our study reveals that 8 out of 10 employees spend at least 75% of their income on NEEDS alone, leaving a meagre 25% to be split between their WANTS and SAVINGS.

And among those who manage to eke out savings, the most popular reason for saving (50% of respondents) was rent, highlighting the housing pressure.

Fig.15 What people are saving for in 2024



One respondent lamented:

*"My salary is barely enough to save or live on. I mainly live on God's grace to support myself and my children."*

# Savings distribution

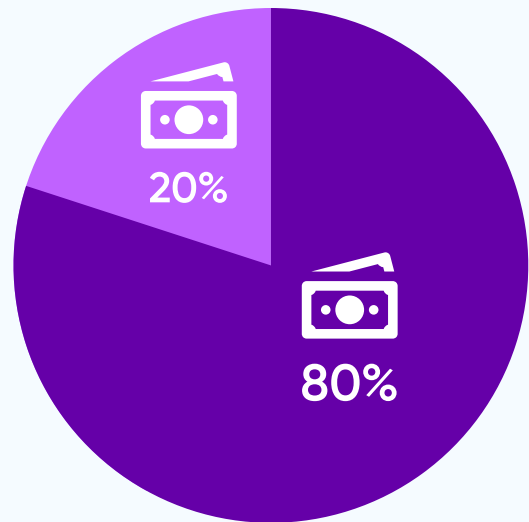
Men, especially married men, tend to save more money than women. However, more women save compared to men. Among singles, women save more than men.



# Black tax


Black tax is a term used to describe the financial obligations of individuals towards their immediate family, and to some extent, friends and extended family.

From our study, we found that the average Nigerian employee allocates at least 20% of their monthly income to black tax.



For many people, it's a burden that must be endured—a social responsibility. But Chdi, says that employees should reframe Black Tax as “future investments” that will lower the financial burden in the near future.

*“I did a lot of training for my younger ones but it was always with an end goal in sight. For me, I needed them to get to a certain point so I no longer have to take on certain responsibilities.”*



# How your organization can improve employees' savings and investment

Despite the challenging economic environment, employers can take several steps to better support their employees:


- 1. Financial Education Programs:** Offer regular financial literacy workshops to educate your employees on budgeting, saving, and investing.
- 2. Flexible Benefits Program:** Offer benefits packages that employees can customize to include savings and investment options tailored to their individual needs.
- 3. Incentives for Savings & Investment:** You can offer incentives or bonuses for employees who reach certain savings milestones, motivating them to save even more. You can also partner with financial institutions to provide employees with access to low-risk investment options, like mutual funds.



# The Employers

What do they think?





This report wouldn't be complete if we didn't document employers' views too. So we conducted in-depth interviews with employers and HR leaders to understand how they planned to balance their books while keeping employees happy.

## Employers know that employees' productivity levels have dropped

Every employer we spoke to acknowledged varying degrees of productivity decline with their employees.

One HR leader told us:

*“Despite our efforts to support our employees, economic pressures affect their daily lives. We conduct annual surveys and have noticed a drop in motivation levels. Employees feel that a large portion of their salaries goes towards basic expenses, leaving little for personal use. And this affects their overall engagement and productivity.”*

The two most common reasons given by employers as the cause of the productivity drop are transportation and feeding costs, implying that employers think that the productivity drop is due to financial reasons.

This contrasts greatly with the 58% of our respondents who felt that their productivity was not affected by money.

## Recruiting and retaining top talents has become a challenge

The economic downturn, coupled with the Japa trend (where talent leaves for better opportunities abroad), has made it difficult for organisations to retain and recruit skilled employees.

According to Anthony, a hiring manager at a finance firm, lack of job security is the fuel behind the recruitment challenges.

*“Employees are aware that there is no real job security,” he said. “The cost of living pressure makes them less focused and more prone to looking for other opportunities, including moving abroad.”*



# HR leaders' insights

Friday, an HR leader at a FinTech company provided a frank view of the economic challenges and their impact on employee satisfaction and company operations.

## On Economic Conditions

*"The current state of the economy is quite volatile. It's increasingly difficult to balance employee benefits and operational costs. We strive to meet up with global standards when it comes to curating employee experiences but I must say that current conditions have heavily impacted how we can administer benefits and create top experiences."*

## On Maintaining Employee Motivation

*"What we try to do is not make employees feel like this burden is theirs to bear alone. We let them know that they are supported here. For instance, if we need to take some benefits back, we reapportion a percentage of it in another area so there's some sort of increase somewhere. We've also shifted from rewarding only finality and started rewarding progress to boost motivation. If you used to achieve only two things weekly but now achieve three, you get recognition for that."*

## On Cost-Saving Measures

*"We've also implemented people initiatives as a way to save costs for the company. It's easier to administer \$100 or \$200 in training fees for each employee yearly than to employ someone who would demand ten times that monthly. By investing in the talent at your disposal, you're not just building minds, you're also reducing operational costs and increasing revenue."*



# Here's how organizations are balancing employee satisfaction with economic conditions

The employers we spoke to are experimenting with these strategies to alleviate the pressure of the economy on employees.

## Remote Work Options and Salary Reviews

75% of employers and hiring managers we talked to agree that a salary increase might boost the productivity of employees. One HR leader told us that her organisation had implemented a Cost of Living Adjustment Formula to account for the loss of income value due to inflation.

But this begs the question: How many organizations can afford a compensation race against inflation?

## Non-Financial Rewards and Recognition

With financial resources dwindling, employers are focusing more on recognizing employees' progress and achievements through non-financial means, such as public recognition and additional responsibilities.

## Supportive Work Environment and Open Communication

The employers we spoke to talked up the importance of a supportive work environment. They made it clear that ensuring that the decision-making process is transparent is key to keeping employees motivated.


*"Employee trust is dwindling. They are afraid and don't know where to look for help so you find us constantly having to reassure them. We open up communication channels to be sure that they also see the impact [of the economy] on us. They are part of the decision-making process. They understand how we got here and where we are coming from."*



# Conclusion







We set out to understand how the current economic realities of Nigeria are shaping the financial and social lifestyle of its workers.

Through extensive surveys and numerous in-depth interviews, we uncovered the image of Nigerian workers, bringing to light their struggles, aspirations, and the systemic challenges they face in their quest for fulfillment

The importance of our findings lies in their practical implications. The economic pressures faced by employees are not just numbers on a page—they impact real lives, affecting financial stability, mental health, and overall well-being.

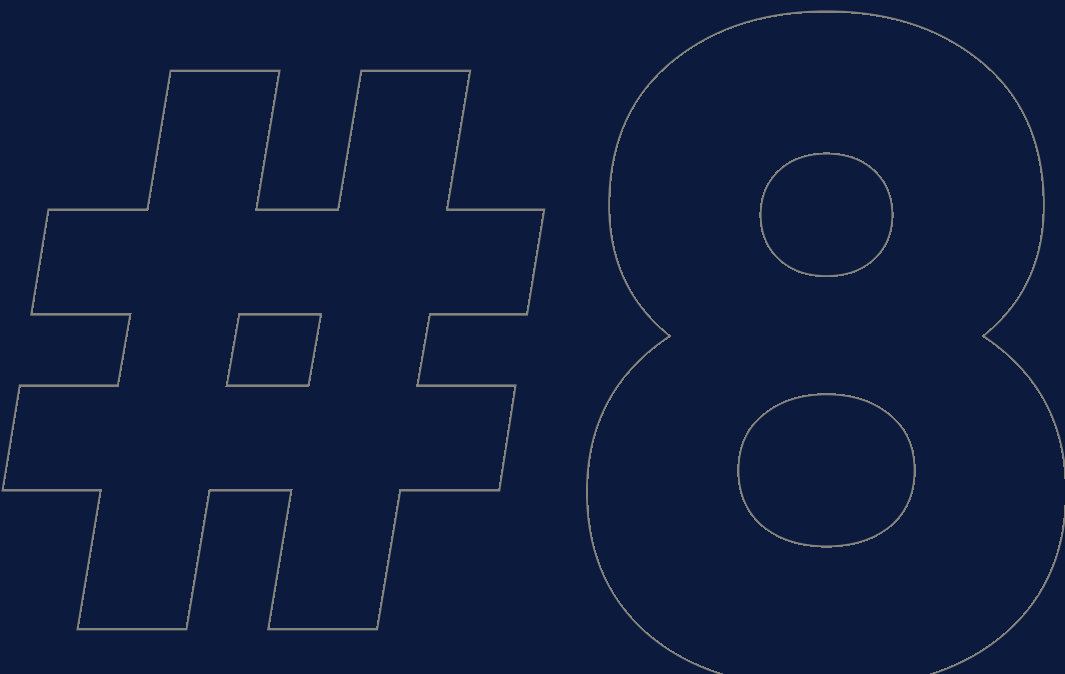
As we ruminate upon the findings, let's consider this: how can each of us contribute to creating a work environment that uplifts and values employees?


This question is not only for employers or HR leaders but for everyone in the workforce. The future of work in Nigeria depends on our collective efforts to foster an environment where all employees thrive.

It is only by valuing and investing in our workforce that we can build a resilient and prosperous society.



# Methodology





Our sample population were employed individuals living and working in Lagos and employers of labor within Lagos. The sample size was calculated using statistical formulas. Cluster sampling method was used to pick out local government areas and simple stratified random sampling was used to select participants within the clusters taking into consideration gender for stratification and other inclusion and exclusion criteria.

The survey tool included 5 sections including a description of the report, consent form, and demographic information. Structured questions were presented primarily in English and interpreted by the field research assistant where English is not the primary language. We had over 1600 filled questionnaires with 1500 properly filled according to criteria. Field researchers were duly trained in questionnaire administration and informed decision. A pilot study was done to review the effectiveness and easy understanding of the survey tool.

One-on-one interviews were conducted with participants with hiring power for qualitative perspectives on the topic. All questions for qualitative interviews were open-ended, and administrated by trained professionals.

The confidence level of our research is at 95% with a plus or minus 4% margin of error. Our data is a true representation of employed individuals living and working in Lagos and expressed as such.



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