

Effect of Casualization on Workers Performance in Organizations

(A Study of Selected Industries in Nigeria)

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ABSTRACT

Casualization of labour in the world and indeed Nigeria is against the tenets of labour and this has caused continuous conflict between workers, labour unions, and employers across organizations in Nigeria and the world over. It is even more appalling to note that casual workers are barred from unionizing (trade union), denying them access to certain benefits in the organization. This is the essence to which the paper undertakes to examine the “impact of casualization on workers’ performance”. The objective of this study is to examine if casualization of work affects the productivity and output of casual workers. Descriptive survey research design was adopted in this study, the population of the study was from Coca-cola Bottling company (food and beverages), and Lolitta Manufacturing company makers of X-expression Hair product (Cosmetics industry) selected using simple proportion and random sampling techniques. The sample size was 152 respondents. Data was collected using structured questionnaire. Correlation and Regression tools were used to analyze the data. Results shows that casualization policy (absence of leave and leave allowance, absence of injury compensations and other social benefits) affects performance and effectiveness of casual workers. The study recommends stringent measures to ensure compliance with the provisions of the Casualization Prohibition Bill, 2010 leading to equal rights to all workers. This study further suggest a maximum period of six (6) month probation upon which all casual workers are converted to permanent staffs across organizations in Nigeria. The study also suggest that defaulting organizations are made to face the penalty irrespective of the status of the organization or owners. This way, organizations in Nigeria will attain acceptable human resources practices status as stated by ILO.

KEYWORDS: Casualisation, Casual workers, Contract Staffs, Permanent Staff, Prohibition Bill, Unionizing.

Introduction

A major source of social evil facing the industrial world and labour is the issue of casualization of labour. It has become a predominant problem even among industrialized countries like the USA, China, Germany,

and so on. It has gradually become prominent among developing (semi- industrialised) countries like Nigeria. However, some less-developed countries of the world are not left behind in this practice. Many literatures have classified it in various forms, from non-standard working condition (Fapohunda, 2012), to employment of irregular or not permanent nature (Rodriguez, 2009). Casualization of labour shows a process of work in organization undertaken by workers who are either temporary, seasonal, casual, contract or part time employees with little or no legal backing as mandated by employment contract (Oludele, 2012). It depicts situations whereby workers are being placed on short-term employment on jobs that are repetitive, litigious and permanent in nature (Hall, 2000).

Casualization, which is an incredible shift in the world of work from labour management relationship to a more commercial oriented relationship is as a result of globalization and technological advancement in communication and information technology (Okafor, 2010). Many scholars have argued that this changes in modern day globalized economy is as a result of organizations and employers of labour wanting to avoid the high cost associated with industrial labour laws that protects permanent employees/full staffs that are on regular employment (Onyeonoru, 2008). This is not unconnected to the fact that employers of labour wants to cut down organizational cost at all possible means thereby achieving the major reason of setting up the business which is to maximize profit or even enjoy abnormal profit if possible (Ogundele, 2010). The issue of casualization of labour in developing economies like Nigeria has become the more occasioned due to lack of jobs and the massive increase in unemployment in recent years (Ogundele 2010). The Nigerian industrial sector has become liable to rapid change and it is unpredictably tensed and has brought with it many unprincipled recruitment practices which keeps taken advantage of the high increase in poverty and unemployment rate in the economy to force job seekers into modern day slavery (ILO, 2012). Scholars have argued that casualization of work is against established labour laws irrespective of the nomenclature used to describe it (Uvieghara, 2000; Okuogbo, 2004; Onyeonoru, 2007; Adewumi, 2008; Okafor, 2010; Fapohunda, 2012; Kalejaiye, 2014; Oludele, 2015), while also suggesting that it serves as the price of progress.

Employee performance stems from employees being at the right frame of mind to produce optimum output while reducing waste of resources and time. It is argued that employee performance has its roots in employee commitment to the job and organization as a whole. The term “employee performance” signifies individual’s work achievement after exerting required effort on the job which is associated through getting a meaningful work, engaged profile, and compassionate colleagues/employers around (Karakas, 2010).

Statement of the Problem

Majority of the literature on casualization has been on its nature, there has been scanty research work on its effects on employee performance in Nigeria or any related variable or indicators used to measure employee performance such as labour turnover, employee commitment etc. Casualization and job insecurity are the greatest challenge facing employees in the Nigerian industrial sector (Oludele, 2015). Workers are placed on temporary jobs for many years either on contract basis or as casual workers with the time duration broken down to 3 months and 6 months after which they are re-employed by employers who tends to play smart and find a way around the labour laws that kicks against such long duration. The

campaign against casualization of labour was intensified by the Nigerian trade unions in 2000, when they embarked on picketing activities which has not yielded the desired result as casualization continues to grow in the Nigerian labour market (Yaqub, Owoseye & Onwe, 2009). Even when the National Assembly (NASS) passed the Casualization Prohibition Bill, 2010 sponsored by Senator Nimi Barigha Amange, the practice still flourishes even till this day in most organizations in Nigeria. This is because most organizations see it as a means to cut operating cost while performing at the optimum level. These set of workers are denied all statutory benefits associated with being employed on a permanent basis such as leave allowances, medicals, health insurance and other such benefits. They are restricted from belonging to a union at work, they work on lower wages/salaries, work odd hours even on public holidays and are expected to perform the job related task at an effective and efficient rate. Most times these set of employees work under dehumanized conditions making the International Labour Organization (ILO, 2006) to tag it as modern day slavery, see the case of the lady working in a Lebanese factory in Lagos who was beaten by her employers till she lost her pregnancy in 2014.

Objective of the Study

This study examines the extent to which casualization of labour affect employees performance. It looks at “if the stigma attached to the concept casual worker affects employees commitment to work and the organization. The study also aims to evaluate the impact of casualization on organizational performance from the perspective of employee job satisfaction, and also examine if casualization of work lead to labour turnover.

Literature Review

Conceptualizing Variables

Various scholars in the field of management and social sciences have defined casualization from various perspectives, such as jobs of short-term or temporary basis involving irregular hours (Kalejaiye, 2014) to non-standard work arrangement (Fapohunda, 2012), to the process of filling positions meant to be permanent with workers on temporary or contract employment (Oludele, 2015), or workers who have an expressed or implied contract of employment that is not expected to continue for long period as determined by national circumstances (ILO, 2007). It can be viewed as a work structure promoting bad working conditions, inequality among employees, injustice, exploitation of workforce and modern day slavery (Okafor, 2012; Bamidele, 2010). Other school of thought sees casualization as a price of progress which creates room for unemployment to work and develop their potentials, though reward may not be in conformity to what permanent workforce gets (May, Campbell & Burgess, 2005).

Casualization of labour comes in different form depending on the country. It is prominent among 1st World countries like the U.K, Russia, Germany, Japan, Australia and the U.S.A. in the last 20 years as a means of increasing the proportion of employees (Watson, Buchanan & Campbell, 2003). The Bureau of Labour Statistics (2012) also revealed that approximately 82 million workers in the U.S are on contract work, 60% in Korea, 58% in Bosnia and Herzegovina, 52.5% in Macedonia, 49% in Serbia as cited in Oludele, 2015.

Recent statistics also shows that China recently have about 70% of its workforce on casual or contract appointments, while there is no statistical data available to show estimates of workforce in Nigeria who are engaged on a temporary basis (Oludele, 2015) though this is on a constant rise on a daily basis.

Statutory labour standards and workers' rights frowns at casualization of work but organization in Nigeria use it as a major means of cost reduction (Fapohunda, 2012) thereby making work related activities unsecured, on freelance and occasional basis (Bamidele, 2010). Though the Nigerian Labour Act kicks against casualization of labour, it does not provide a framework for the regulation of terms and conditions of this type of work arrangement, even though the Section 7(1) of the act states that a worker should not be employed for more than three (3) months without regularization of such employment.

Employee Performance

Employee performance connotes the ability of an employee or group of employees to carry out a job related task effectively and efficiently, it is the actual output of efforts put in by employees in carrying out a job related task (Ogundele, 2010). It is the sum total of employees' ability to perform a task to the best of their ability in attaining organization's set goals and objectives. Employees performance stems from employee commitment to the set objective of the group and the organization as a whole and this comes from employees deriving satisfaction on the job (Udeozor, 2007). Employee performance includes executing defined duties, meeting deadlines, employee competency, and effectiveness and efficiency in doing work. The job related activities expected of a worker and how well those activities were executed. Job satisfaction comes from employees intuitive ability to perceive themselves as a part of the organization, part of decision making in the organization, giving responsibilities and status (Ghasen, Mashoud & Maryam, 2016). Employee performance is an overall structure referring to employees operation within an organization (Rahnavard, 2008).

Empirical Review

Fapohunda (2012) in her study on employment casualization and degradation of work in Nigeria, conducted her study on 5 selected companies in three (3) different sectors sampling 135 respondents, she made use of simple percentage and chi-square statistical tool to analyse data and found that remuneration for contract staff is not fair or comparable to that of permanent workers who are denied the rights to organize and benefit from collective agreement. She recommended that casualization be expunged completely from the employment system.

Similarly, Kalejaiye (2014) in his study on the rise of casual workers in Nigeria, who loses, who benefits? used content analysis of literature review and found that casual work is not in all cases bad as thought and it also has its accompanying benefits and in some cases is a matter of choice which constitutes the price of progress.

Oludele (2015) while studying labour casualization and trade unionism in Nigeria adopted a descriptive survey method, and participants were drawn from 120 staffs of Lafarge Wapco Cement, Ewekoro, Ogun state who were selected through triangulation of sampling methods. Data were collected through structured questionnaires and secondary qualitative sources. Findings revealed that labour casualization has weakened

volume of trade union members, their financial strength and bargaining power in Nigeria. The study recommended that government should invoke relevant laws that will encourage casual workers to enjoy freedom of association so that they can be protected against exploitation.

The scarcity of resource materials and literatures on casualization and its effect on employee performance informed the need for this study.

Methodology

This study makes use of descriptive research design, structured questionnaires was developed using a 5 point Likert scale ranging from 5 (S.A), 4 (A), 3 (Und), 2 (D.a) to 1 (S.D.a). the aim was to capture reality in quantitative terms. Two (2) companies were selected from the manufacturing industry, viz, Coca-cola Bottling company, Oregon Plant, Lagos and Lolitta Manufacturing company, makers of Xpression, Fatai Atere, Oshodi, Lagos state, because of the large workforce who are predominantly temporary workers. Data was collected using both primary sources only. The sample population was determined using Taro Yamane (1967) sample size determinant ($n=N/(1+Ne^2)$) and it was verified using the Israel (2013) published table. Out of the total population of study of 3,365 of which Coca-cola, Oregon contributed 1365 and Lolitta Manufacturing contributed 2000, a sample size of 357 was derived using the formular ($n=3,365/(1+3365(0.05^2))= 357$ which was divided using simple ratio (51:41) out of which 152 were returned in usable conditions after which simple percentage, correlation and regression analytical tool was applied to analyse data. In order to establish the reliability of the test instrument, a pilot survey was conducted on a sample of 50 employees of Lolitta manufacturing company, Fatai Atere, Matori, Oshodi, lagos State, using a test retest method. The result returned 0.81 reliability. Face and content validity was ensured by experts in the field of management.

Data Analysis

Table 1: Demography of Respondents

VARIABLES	FREQUENCY	PERCENTAGE
Sex		
Male	65	43%
female	87	57%
Age		
18-27 years	60	39.5%
28-37 years	52	34.1%
38-47 years	34	22.4%
48 years and above	6	4%
Marital Status		
Single	111	73%
Married	41	27%
Educational Qualification		

WAEC	108	71%
OND	27	17.6%
HND/B.Sc	16	10.4%
Others	1	1%
Employment Status		
Casual/Contract Staff	131	86%
Full time/Permanent Staff	21	14%

Source: Researcher, 2018

Analysis of Demography of Respondents

From the spread of the sample size based on sex distribution of respondents, 65 respondents representing 43% of respondents are male, while 87 respondents representing 57% are female. This is as a result of more females working in Lolitta Manufacturing Industry, though Coca-cola Bottling Company also have more male workers due to the physical nature of the task being performed. Age distribution was relatively close with 60 respondents representing 39.5% between the ages 18-27 years, 52 respondents representing 34.1% between the ages of 28-37 years, 34 respondents representing 22.4% between the ages of 38-47 years while 6 respondents representing 4% between the ages 48 years and above, this shows that most factory workers are youths with energy and time to spare. The marital status shows that most respondents (111 representing 73% of the sample population) are single while 41 respondents representing 27% are married and with family. On the education front, the distribution shows that 108 respondents representing 71% of respondents had WAEC certificate, 27 respondents (17.6%) had OND, 16 respondents (10.4%) had HND/B.Sc., 1 respondent (1%) had other professional qualification, proving that Fapohunda (2012) assertion that some casual staffs had technical skills and knowledge needed to function in advance capacity in organizations. The employment status shows a distribution of 131 respondents (86%) being on casual/contract employment basis and 21 respondents (14%) were on full time/permanent staff employment contract.

Operationalizing Variables

$E.P=f(Ca)$

Where: E.P= Employee performance; and

Ca= Casualization.

Indicators

Employee performance	Casualization
Effectiveness	Employee Status
Workers output	Stigmatization

Effectiveness=f(employee status);

Low productivity=f(Stigmatization)

Effectiveness=f(stigmatization)

Workers output=f(employment status)

Hypothesis 1

H₀: there is no significant relationship between employment status and workers effectiveness

Table 2:

Correlation (N=152)

	Employment status	Workers effectiveness
Employment status	1.000	0.7895
Pearson Correlation	0.7895	1.000
Workers effectiveness	152	152
Employment status	152	152
N		
Workers effectiveness		

Correlation is significant at 0.05 level

Hypothesis 2

H₀: stigmatization at workplace does not significantly affect workers output

Table 3:

	R		R square	Standard error
Stigmatization	1.000	0.791	0.626	0.05
Workers productivity	0.791	1.000	0.626	

Hypothesis 3

H₀: there is no significant relationship between stigmatization and workers effectiveness

Table 4:

Correlation (N=152)

	Employment status	Workers effectiveness
Stigmatization	1.000	0.549
Pearson Correlation	0.549	1.000
Workers effectiveness	152	152
Stigmatization	152	152
N		
Workers effectiveness		

Correlation is significant at 0.05 level

Hypothesis 4

H₀: employment status does not significantly affect workers productivity

Table 5:

	R		R square	Standard error
Stigmatization	1.000	-0.671	0.450	0.05
Workers productivity	-0.671	1.000	0.450	

Interpretation of results

Hypothesis one: The Pearson correlation of $r=0.7895$ implies that there is a positive relationship between employment status and employee effectiveness, i.e, employee status affects employee effectiveness at workplace. The result reveals a positive correlation of 0.7895 between both variables at 0.05 level of significance.

Thus as obtained from the table ($r=0.7895, p<0.05, n=152$)

Therefore the decision is to reject H₀ which states that “there is no significant relationship between employment status and workers effectiveness” and accept that there is a significant relationship between employment status and workers effectiveness.

Hypothesis two: The regression analysis shows a positive relationship between workers output and stigmatization at workplace with a positive coefficient of 0.787, the regression analysis of 0.791 with a p value of $0.001<0.05$ shows that stigmatization at workplace significantly affect workers output resulting in low productivity from each worker.

Thus as obtained R² value of 62.6% indicates the variation of dependent variable (workers output) which can be explained in the predictor (stigmatization at workplace)

Thus, the decision is to reject H₀ which states that “stigmatization at workplace does not significantly affect workers output” and accept that stigmatization at workplace does significantly affect workers output.

Hypothesis three: The Pearson correlation of $r=0.549$ implies that there is a positive relationship between stigmatization and workers effectiveness, i.e, stigmatization affects workers effectiveness at workplace. The result reveals a positive correlation of 0.549 between both variables at 0.05 level of significance.

Thus as obtained from the table ($r=0.549, p<0.05, n=152$)

Therefore the decision is to reject H₀ which states that “there is no significant relationship between stigmatization and workers effectiveness” and accept that there is a significant relationship between stigmatization and workers effectiveness.

Hypothesis four: The regression analysis shows a negative relationship between employment status and workers productivity with a positive coefficient of -0.627, the regression analysis of -0.671 with a p value of $0.065>0.05$ shows that employment status does not significantly affect workers productivity. This result shows that other variables such as fear of loss of job, increasing level of unemployment in the country, poverty level, fear of sanctions such as pay deduction, suspension from work which will affect workers

wages makes workers to produce as required but such worker will not be willing to outperform beyond specified target.

Thus, the decision is to accept H_0 which states that “employment status does not significantly affect workers output”.

Conclusion

This study posits that there is a high level of relationship between casualization and employee effectiveness and that stigmatization at workplace attached to being referred to as casual worker (one who has his/her name written in pencil which can be erased at will by their employers) in the organization without the accompanying benefits does not allow such class of employees increase productivity beyond required level and depress their innovativeness. It also shows that the end result of casualization is continuous labour turnover and that though casualization of labour does not have any significant effect on production out, it affects it output above the required level of organizations has workers will produce sub-optimally. Workers are only compelled to produce due to fear of loss of job, being replaced, massive unemployment rate in the country, the ability to continue to fend for daily needs etc and these makes them want to work within the limit of the organization requirement without adding any extra output.

Recommendations

The study recommends that employers of labour should try and improve the need to convert temporary employment to full time/permanent employment after a maximum of six (6) months probation period. When casual/contract workforce knows that there is a career path, their ingenuity and innovativeness will be unquestionable. In a situation whereby casual workers are needed to perform tasks that are not core to the continued existence and survival of the organization, conducive working environments and conditions be put in place to attract better wages, hourly work. Casual workers should be allowed access to certain, if not all benefits at workplace such as health benefits, bonuses, transport allowances and also be allowed to unionize.

The study also recommends that the Nigerian Labour Act should be ratified to include punishment and heavy fines for organizations and employers that fail to comply with instructions to regularize employments after a maximum 6 months probation period for all class of temporary workers and put in appropriate mechanism to check and monitor those that would want to work around such guidelines and laws by hiring and firing temporary workers unjustly within the cycle. Also, the governments shouldn't just make laws or pass Bills but also ensure that there is adequate machinery in place for implementation and also show sincerity of purpose to the plights of casual/temporary workers in the economy. This way, the menace called casualization of labour will be reduced to its barest minimum.

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