

## **Human Resources Outsource in Nigeria: Exploiting Organisation ‘Vital Tools’**

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### **Abstract**

*The study examined the reasons behind the taking up of outsourced/casual jobs by employees and the effects of outsourced/casual jobs on employees. This was with a view to understanding the implications of outsourced/casual employments on human resources development. The population for the study comprised seventy-five outsourced staff drawn from security unit of three randomly selected hospitals. Convenience sampling technique was used to select the respondents who were available and willing to participate in the study. The study utilised primary data which were collected through the use of questionnaire and researchers’ personal observation. The data collected were analysed using descriptive statistics. The findings revealed that ‘unavailability of rewarding jobs’ and the need ‘to keep the body and soul together’(in order for the respondents to be able to put food on their table) are top on the list of the reasons for taking up outsourced jobs by employees. The study further revealed that most of the outsourced employees had tertiary education, were poorly remunerated (with no other fringe benefits, or annual salary increments) and their jobs were stressful and demanding. Identified effects of outsourced jobs included- poor working condition and poor standard of living (such as-lack of good food, good clothes and poor accommodation). Outsourced workers worked for between 11 and 15 hours without being entitled to any form of leave(sick, maternity or annual), had no hope of promotion, conversion or advancement on the job and were not satisfied with the nature of their jobs. The study concluded that outsourced or casual job is a serious threat to Human Resources development and advancement.*

**Keywords:** Human Resources, Outsource, Casualisation, Organisation, Vital-Tools

### **Introduction**

Outsourcing jobs in Nigeria have become a subject of great concern as more employees continue to groan under the ‘policy of wages reduction’ by the employers of labour without compromising the quality of services provided. In almost all the sectors of economy of Nigeria, outsourcing of staff has become the order of the day as the employers find the system ‘the best for their businesses’ and are no longer looking for permanent staff again.

Human Resource outsourcing is ‘a process of replacement of in-house provided activities by subcontracting it out to external agents’ (Irefin, Olateju, and Hammed, 2012). It is a system whereby organisations give out some of its services to outside services providers to handle on their behalf. Outsourcing of human resources has come a long way in history, and has continued to be more acceptable in Nigeria and other developing nations of the World.

Most of the organisations engaging in outsourcing are situated in the city where population is densely concentrated with easy availability of competent hands to outsource. Outsourcing helps in cutting down on staff maintenance costs; thus, organisations save a lot of money through contracting jobs to outsourced staff. The organisation thereby relieves itself of complications involved in maintaining internal Human Resources. As a result, while organisations and businesses are thriving, “vital tools” (Human Resources) that are responsible for the success of the businesses are not well taken care of.

According to the Campaign for Democratic and Workers' Rights in Nigeria, cited in Alawiye (2013), 45 per cent of Nigeria's labour force is made up of casual workers. There is no doubt the percentage will continue to increase with the number of graduates trooping out of Nigeria's institutions of higher learning every year.

Outsourcing of staff is a contravention of Section 7 (1) of the Labour Act, Cap 198, Laws of the Federation of Nigeria, 1990 which stipulates that, "Not later than three months after the beginning of a worker's period of employment with an employer, the employer shall give to the worker a written statement specifying the terms and conditions of employment, which include the nature of the employment and if the contract is for a fixed term, the date when the contract expires".

Teaching Hospitals in Nigeria today also engage the services of outsourced staff in some of their activities, especially, the security unit which covers areas of security maintenance within the hospitals' environment. Given this background, the study examines reasons behind employees' taking up outsourced employments and the effects of this type of jobs on the employees.

### ***Outsourcing: A Conceptual Review of Literature***

Different definitions have been offered by scholars across the globe in explaining the concept of outsourcing in relation to human resources and organisation. Outsourcing is made up of two words- 'out' and 'sourcing'. It is a concept developed from American terminology 'outside resourcing'. It is used in economies to denote the act of transferring work, responsibilities and decision rights to people outside an organisation (Domberger, 1998; Corbett, 1999). Corbett (1999) sees outsourcing as an approach through which major but non-core organisation functions are delegated to expert services providers. For him, the works being outsourced are the non-core activities which 'internal staff' could not render or perform or organisational works that need specialised personnel. Domberger, (1998) in his more detailed definition, sees outsourcing as a strategy of delegating organisation services or works to other party under a business agreement that includes time of service in relation to cost, quality, and the timeliness of providing the services. Domberger in his definition is conscious of 'time' and 'service'; that is, the time using in performing certain task as a determinant of wages. In other words, there is cost for time, such that time has its cost in relation to services being provided at a particular time. To Finlay and King (1999), outsourcing is the handing-over of functions previously performed internally to an external service provider. That is, a situation whereby external contractors undertake jobs that could have been done by in-house staff.

Outsourcing is inevitable in a situation where an organisation has no adequate knowledge or skills for performing certain tasks within the organisation. Besides, an organisation does outsource in order to minimise the cost of providing services or productions. Outsourcing helps organisation to concentrate on core competences (Behara, Copozzoli, & Gundersen, 1995).

In Nigeria, 'outsourcing' is synonymous with 'casualising'. In other words, outsourced jobs are seen as casualised jobs. Therefore, outsourcing/casualising can be referred to as the hiring of 'expert' labour to provide goods and services within an organisation for a 'temporary time'. The word expert is being emphasised in Nigeria situation as relating only to those who have mastered or skillfully selected for the casual jobs, simply because labour is more than the available jobs. It should also be noted that temporary time in Nigeria could be up to fifteen years or more because evidence has shown that there are workers who have spent up to fifteen years and still remained as casual workers.

Casual employment is described by the International Labour Organisation (2007) as contract employment which is not expected to continue for more than a short period, and whose duration is determined by national circumstances. That is, any 'non-standard work arrangements' is best referred to as casual work. Casualisation involves a process whereby workers are employed and kept on temporary employment instead of permanent employment, and unable to benefit maximally on the jobs like their permanently employed counterparts. Casual works are usually characterised by poor work conditions, such as poor and unstable wages as well as lack of fringe benefits, job insecurity, and lack of power to organise collective bargaining. Therefore, casual workers are most of the time at the mercy of the employers and at the receiving end in the organisation's wealth allocation.

In a similar vein, Okafor (2007) in his study titled *Globalizations, Casualization and Capitalist Business Ethics: A Critical Overview of Situation in the Oil and Gas Sector in Nigeria*, observes that casual workers are subjected to series of inhuman treatment such as low wages, lack of medical attention, lack of job security, no gratuity and no accident and death insurance/benefits.

Thus, resulting from above, outsourcing and casualising could be seen as contractual employments or temporary employments which are offered to external employees for the purpose of rendering services, whereby casual employees are denied important benefits enjoyed by the permanent employees in an organization.

### ***Outsourcing in Nigeria: Human Capacity Destruction***

Human Resource is described by Robert Owen as 'vital tools' or 'vital machines' that should be greased, oiled and maintained to yield productivity. Owen came up with the innovative idea that managers should pay much attention to their 'vital machines' just as they do to their inanimate machines. Owen was reputed to be one of the first factory owners to appreciate workers. He believed that workers can be more productive if they are managed rather than governed. Contrary to this, outsourced staff are made to perform their works efficiently and yield productivity, but are not well taken care of as suggested by Owen. Thus, outsourced staff are treated as sub-human. Consequently, instead of Building Human Capital, 'outsourced system' is destroying Human Capital. For instance, there is no provision for them to be trained. Therefore, they cannot become professionals. Although, many of the outsourced staff are graduates from institutions of Higher learning and, one way or the other, have undergone different forms of training in different fields in their different schools. However, the training they received are no longer developed and taken care of. Such trainings are gradually get lost due to the nature of the job they are doing.

Besides, out-sourced staff receive stipends in form of salary without any fringe benefits attached, no yearly increment; no leave nor leave bonus, yet their meagre salary attracted tax. Most of the outsourced staff live in the city because; that is where one can find most of the organisations using outsourced staff. It is disheartening to note that outsourced staff live under 'bad shelters' within the city as their poor income could not afford them 'good shelters'. For instance, a room and a parlour in the city cost between N6, 000 and N10, 000 per month. Many of these outsourced staff's salaries range between N10, 000 and N15, 000 before tax. Therefore, there is no way anybody receiving this kind of stipend could afford to rent a house worth N6, 000 in a month. As a result, many of the outsourced staff make abandoned and uncompleted houses their abodes. Some stay in slum, while some stay in store, motor garage and other unbecoming places.

Furthermore, outsourced staff work several hours daily, and when they suffer a degree of injury or have accidents in the course of discharging their duties and responsibilities, they do not get help or support from their employers. The injuries sustained or accidents had at times could lead to permanent disability which could force the workers out of jobs prematurely and permanently without compensation. Thus, the workers become a liability to their family.

### ***Research Methodology***

#### **Study Area**

The study covered three randomly selected federal hospitals from three out of the six geo-political zones of Nigeria. Obafemi Awolowo University Teaching Hospital, Ile-Ife was selected from the South-West, Federal Medical Centre, Lokoja from North-Central, while University of Port-Harcourt Teaching Hospital, Port-Harcourt was selected from South-South geo-political zones of Nigeria.

#### **Study Population and Sample Technique**

The population for the study comprised twenty-five outsourced staff drawn from the security unit of each of the three selected hospitals totaling seventy-five respondents. Convenience sampling technique was used to select the outsourced staff from the security unit of the hospitals from those who were available and willing to participate in the study.

#### **Research Instruments**

The study utilised primary data which were collected through the use of questionnaire from the respondents and personal observation by the researchers. A set of questionnaire was used to elicit information on the reasons employees take outsourced jobs in Nigeria as well as the effect of outsourced jobs on the employees.

## Results and Discussions

**Table 1: Demographic Characteristics of the Respondents**

	Characteristics	Frequency	Percentage
<b>1</b>	<b>Gender</b>		
	Male	52	69
	Female	23	31
	Total	75	100
<b>2</b>	<b>Highest Qualification</b>		
	Primary School	00	00
	Secondary School	11	15
	Vocational	16	21
	Tertiary	48	64
	Total	75	100
<b>3</b>	<b>Number of Years Spent in Service</b>		
	1-5 years	63	84
	5-10 years	12	16
	Total	75	100

Source: Fieldwork July, 2014.

**Table 2: Reasons for taking Outsourced Jobs**

	SA	A	D	SD
No academic certificate to work with		13(17%)	20 (27%)	42 (56%)
Unavailability of rewarding jobs	43 (57%)	32 (43%)		
To keep body and soul together	48 (64%)	27 (36%)		
Good salary and other fringe benefits			20 (27%)	55 (73%)
The job is stress-free/ not demanding			31(41%)	44 (59%)

Source: Fieldwork July, 2014.

From table 2, on why employees take up outsourced job, 42 (56%) and 20 (27%) of the respondents strongly disagreed and disagreed respectively with the assertion that 'no academic certificate to work with' is the reason for taken up outsourced job. Demographic characteristics of the respondents shows that most of the respondents 48 (64%) had tertiary education. This indicates that the highest percentages of the respondents were those of graduates who had attended tertiary institutions and equally had certificates in different fields of study. Thus, no academic certificate is far from being the reason for taking outsourced job.

On the reason for taking outsourced job 'unavailability of rewarding jobs' tops the list of reasons as indicated by the respondents who strongly agreed 43 (57%) and agreed 32 (43%) to the assertion. Without mincing words, the rate of unemployment is very high in Nigeria. The Nigerian Bureau of Statistics (NBS), (2011) put unemployment in Nigeria at 23.9 per cent; and the rate continues to increase as the number of graduates being turned out from Nigeria's institution of higher learning on yearly basis increases. The yearly graduate production from Nigerian institutions was put at 600,000 by Chief Olusegun Obasanjo the former president of Nigeria (<http://www.vanguardngr.com>, 2012).

This is followed by 48 (64%) and 27 (36%) of the respondents who asserted that they took up outsourced jobs in order 'to keep body and soul together'. While it is true that man cannot leave by bread alone, yet he cannot leave without bread; that is, among the basic necessities of life, food takes priority; it is after food that clothes and shelter could be mentioned. Thus, in order for the respondents to be able to put food on their table, they have no option than to take the available job on ground a case of half bread is better than none.

Also 55 (73%) of the respondents strongly disagreed and 20 (27%) disagreed on the claim that 'good salary and other fringe benefits' were one of the reasons for taking up outsourced job. Outsourced employees are poorly remunerated and their salaries are unattractive. Besides, one of the important reasons for outsourcing is to minimise the cost of providing services or productions by cutting down the salaries/wages of the employees.

Another assertion which the respondents strongly disagreed 44 (59%) and disagreed 31(41%) on is that ‘the job is stress-free/not demanding’. The respondents were of the opinion that their works were very stressful without commensurate salary. The respondents affirmed that in outsourced jobs there is neither a breathingspace nor a place of rest;one has to work all round like a clock.

**The Effects of Outsourced Jobs on the Employees**

**Table 3:Salary / Fringe Benefit**

Responses	Frequency	Percentage
N10, 000-N 20, 000	75	100
N20,000 and Above	00	00
Total	75	100

Source: Fieldwork July, 2014.

Regarding salary and other fringe benefits, table 3 revealed that all the respondents 75 (100%) received between N10, 000 and N 20, 000 as salaries. The respondents equally indicated that apart from their salaries they were not entitled to any other benefits and that deductions were being made from the meagre salaries without adequate explanation for such deductions. Besides, the respondents stated that they were not entitled to annual salaries increment. The above analysis shows that outsourced employees’ working condition is bad and their standard of living is nothing to write home about. Their salaries could not sustain them;and they could neither afford to eatwell, wear good clothes, live in befitting accommodation nor provide basic needs for their children.

Many of the respondentswould have borrowed more than their salaries before they even received them. They therefore continued to wallow in debts. Consequently, many of them whose duties were at the gate of entrance and exit of the hospital beg for alms from the motorist and visitors to the hospitals in order to survive. Thisportends danger for the organisation in which they are working, giving the fact that these employees are expected to provide security over the lives and properties within the organisation.

**Table 4:Working Hours**

Responses	Frequency	Percentage
8-10 hours	24	32
11-15 hours	51	68
Total	75	100

Source: Fieldwork July, 2014.

As touching working hours, table 4 shows the extent to which the respondents work on daily basis. Out of 75 respondents,51 (68%) of them indicated that they work between 11 and 15 hours, while the remaining 24 (32%) stated that their working hours per day ranged between 8 and 10 hours. The implication of this results is that outsourced employees work more than what they receive as salaries.In other words, they overwork without receiving any money for the over-time work done for the organisation.

**Table 5: Leave Entitled to**

Types of Leave	Responses	Frequencies	Percentages
Sick	Yes	00	00
	No	75	100
	<b>Total</b>	<b>75</b>	<b>100</b>
Maternity	Yes	00	00
	No	75	100
	<b>Total</b>	<b>75</b>	<b>100</b>
Annual	Yes	0	0
	No	75	100
	<b>Total</b>	<b>75</b>	<b>100</b>

Source: FieldworkJuly, 2014.

Concerning the types of leave the respondents are entitled to, the table revealed that they were not entitled to any form of leave, be it sick, maternity or annual. The respondents even indicated that an outsourced staff could not be pregnant. Any outsourced staff who was pregnant would have to forfeit her job because outsourced staff were considered to be casual workers who were not expected to benefit like permanent staff. For this reason, outsourced staff were expected to work all year round except when they had a day off.

**Table 6: Career/Job Advancement**

<b>Types of Advancement</b>	<b>Responses</b>	<b>Frequencies</b>	<b>Percentages</b>
Promotion	Yes	00	00
	No	75	100
	<b>Total</b>	<b>75</b>	<b>100</b>
Conversion	Yes	00	00
	No	75	100
	<b>Total</b>	<b>75</b>	<b>100</b>

Source: Fieldwork, July, 2014.

Table 6 provides information concerning career/job advancement of the outsourced employees. All the respondents 75 (100%) were of the opinion that they were yet to have promotion, conversion or advancement on the job. That is, there is no hope of getting to the peak of career. Thus, the respondents had resigned to fate as far as the outsourced job was concerned, there was no hope for advancement. From the above, it could be deduced that the respondents were not satisfied with the nature of jobs and if they had the opportunity, they would quit the outsourced jobs.

### ***Conclusion and Recommendations***

Outsourced or casual employment is a serious threat to Human Resources development as they continue to be treated as sub-human. Human Resources in the outsourced or casual employments are excluded from training; hence, they could not become professionals, receive stipend in form of salary, and could not live well. They work more than normal work-hour, yet receive no overtime allowance and are denied leave. They therefore could neither rest nor receive leave bonus.

Outsourced/casual workers have no hope of promotion. They are not entitled to yearly increment. Peradventure an outsourced staff suffers injury or accidents in the course of performing his or her duty, which at times could lead to permanent disability and force him/her out of job permanently, they also receive no help or support from the employers.

This unfriendly practice against 'vital tools' is detrimental to human capacity building. Therefore, all stakeholders must urgently stand against all forms of exploitation and degradation of workers under any guise be it casualisation or outsourcing. The employees also must reject any form of sub-human treatment meted out to them in the course of performing their duties.

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