CASUAL EMPLOYMENT - A NOSTRUM TO UNEMPLOYMENT IN NIGERIA

1OKAFOR, E. Emeka
Department of Sociology, University of Ibadan, Ibadan, Oyo State, Nigeria

2RASAK, Bamidele
Department of Sociology and Psychology, Fountain University Osogbo, Osun State

Abstract
In the past three decades and beyond, there has been a worldwide upsurge in the number of organizations that use or employ casual workers. This has been attributed to economic uncertainty or turbulence, massive unemployment, globalization, the shift from the manufacturing sector to the service sector and the spread of information technology. These changes have created a new economy which demands flexibility in the workplace and, as a result, caused the decline of the permanent employment relations and a dramatic increase in casual work. This study therefore, examines the choice faced by a potential worker in getting a permanent employment. This study was guided by the Labour Market Segmentation Theory. The study is descriptive in nature and revealed that due to the state of the economy in Nigeria, jobs are hard to find. Workers therefore preferred to take up jobs that are casual in nature, in order to meet up with their daily needs. The study recommends that employers and owners of organizations should employ more workers who are seeking for jobs, since they are benefitting from casual work; this will help to mitigate the rate of unemployment in Nigeria.

Keywords: Casual workers, flexible work arrangement, unemployment, casual work arrangement and permanent work arrangement

1.0 Introduction

The era of globalisation has given rise to profound changes in the way labour is utilised, specifically in terms of employment patterns as well as the related issues of earnings, job security, unionisation etc. In effect, the way the worker is used by the firms in the industry is determined solely by the dictates of capitalism, i.e. the profit motive. Thus, neo-liberal globalisation, contrary to the often-benevolent impacts attributed to it, has brought about structural changes in the economy, alters consumer preferences, life styles and demands of citizens, as well as changes in the working pattern of workers in Nigeria. The use of casual workers in both local and foreign firms in Nigeria has been on the increase, and this has made casual employment in the Nigerian labour market a subject of intellectual concern (Okougbo, 2004). Casual workers are filling positions that are permanent in nature; in line with employee vulnerability in Nigeria is the high level of unemployment and accompanying poverty.

Existing literature use different words to refer to casual workers: they are in some cases referred to as ‘contingent workers’, ‘dispensable workers’, part time workers, contract staff and non-core workers (Hampton, 1988). They are also known as ‘labour only’ sub-contractors (Buckley and Endewui, 1989), in Hallenbradth and Cannon (1989), flexible workforce and

*Corresponding Author: 08034955615, 07052087979
E-mail: delerasak@yahoo.co.uk
peripheral workers in Williams (1993). Bhorat and Hinks (2006) articulated the difficulty of defining casual employment by pointing out that defining casual employment in a labour market is problematic. Issues of hours of work, type of employment contract, who pays the employee, non-pecuniary benefits and whether working in the formal or informal sector, means several definitions can be adopted. The traditional model of employment (permanent full time employment with one employer until retirement) is steadily giving way to less stable (and often vulnerable) forms of employment (Cheadle, 2006).

For the purpose of this study, the words ‘casual workers’ are used to refer to employees whose services are dependent on the specific job or duty they were hired to carry out. They are laid off at the end of that particular ‘contract’ and can only be retained if another job comes on stream. The most notable characteristic of this category of workers is the fact that their employment is not permanent (Hamilton, 2006). As a result, casual workers can be retrenched without prior notification (Campbell, 2004). As more technology is introduced into the workplace, the unskilled workers become more disadvantaged and vulnerable (Campbell and Brosnan 1999). However, technological impact cannot totally or adequately explain the existence of this situation, especially in less developed countries where the level of technological development and adoption is low relative to the more developed world. Investigation into Nigerian construction firms indicates that the so-called skilled workers function mainly in administrative and supervisory capacities with the exception of a few engineers and technicians in the field (Anugwon, 2007). This situation is a product of what Adesina (2000) called “credentialism” which is still a big factor in labour market classification in Nigeria.

Casual employment as part of a new era of the management of labour is an attempt to fit many workers into the needs of production and service provision by offering only very limited choices to workers (Buchanan, 2004). In the wake of liberalization, this problem has been brought into centre stage and there has been frequent demand by the industry and foreign investors to have some kind of ‘exit’ policy—the right of hiring and firing (Shenoy, 2005).

2.0 Literature Review

2.1 The Concept of Casual Employment

Among a range of classifications available, casual employment is variously referred to under the titles “contingent” (Belous, 1989, cited in Lips, 1998), “irregular”, “non-standard”, or “atypical” (Bourhis and Wils, 2001) employment. By and large, the terms refer to those who are employed in jobs that do not fit the traditional description of a full-time, permanent job (Brosnan and Walsh, 1996). Casual employment is generally understood to encompass casual employees recruited by short term consultants or agencies which are external to the employer, or those hired directly by the company to be casual employees, contract employees, subcontractors, consultants, leased employees, part-time employees and self-employed. As a distinct labour subset, however, “casual employment” is commonly defined as: A job where the individual does not have an explicit or implicit contract for long term employment, the casual nature of the job being recognized by both parties (Nardone, 1997). The different descriptions and definitions of casual employment, and the linked uncertainty, offers a challenge to scholars of research as any educated guess of the size of the casual workforce depends on the definition that is used (Risher, 1997). Moreover,
Casual employment has increasingly become part of the labour market in the European Union and its member states, with an average incidence of about 13 per cent in 2000 (OECD, 2002). In spite of measurement problems, commentators are in accord that the casual workforce has become a significant employment option (e.g. Herer and Harel, 1998). Mangan (2000) states that; between 1983-92, casual employment in the USA increased almost 250 per cent – ten times faster than overall employment in that country. Socio-economic variations including those related to globalization and faster innovativeness have brought about changes in workforce structures that facilitated the growth in casual employment (Brosnan, 1996). Casual employment is a means of job continuity in an era of restructuring, redundancy and unemployment. Such job continuity is replacing job security for many professionals and casual work is a way to stay continuously employed (Brosnan, 1996).

Casual employment may open up opportunities for previously unemployed people to find employment (Callister, 1997), and it provides foot-in-the-door opportunities and experience for people (re)entering the workforce. Callister (1997) indicates that casual employment can offer long-term advantages to some workers; for example, it can foster lifetime participation in paid work by women. He further found that many casual employees voluntarily take up this form of employment for the flexibility and opportunities for skill advancement that it provides. Casual employment also provides people with the opportunity to “try out” new organizations, industries, and occupations without the long-term commitment (Lips, 1998). Moreover, casual employment is increasingly being used to facilitate the transition from situations such as unemployment, studying, time off work by women to have children, and redundancy, back to a permanent work situation (Lips, 1998). Based on this assertion, there is need to study the choice faced by unemployed workers, whether to work as casual in an organization or to remain unemployed.

2.1.1 Reasons for Employers using Casual Workers

According to the Dual Labour Market model (Connelly & Gallagher, 2004), organizations are composed of two main groups of workers: the core (or primary) group and the peripheral (or secondary) group. Core workers are mostly “standard” or permanent employees. These employees work under the so called standard employment relationship (SER), which, according to certain authors (De Cuyper et al., 2008), has some typical characteristics: it offers continuity of employment, which gives the workers a certain level of security regarding their working situation; the employees work in the employer’s workplace and receive employer’s supervision. The peripheral group is mostly “nonstandard” or casual workers (Connelly & Gallagher, 2004).

All these types of employment are different from the standard employment in aspects such as working hours, terms of the contract, access to fringe benefits and supervision received. Most of the companies have a certain number of casual workers as a way to deal with periods of decreased productivity or lower demand. This characteristic is considered by many authors as a quantitative (or numerical) external flexibility, concerning employees who belong to the “external” part of the company and not to the “core” (Valverde, Tregaskis, & Brewster, 2000). There are three main reasons for employers to use casual workers, flexibility of staffing, reduction of costs and ease of dismissal (Wandera, 2011).

*Corresponding Author: 08034955615, 07052087979
E-mail: delerasak@yahoo.co.uk
2.1.2 Staffing Flexibility

Due to the rapid innovativeness in science and the ever increasing competitiveness, companies have established policies of flexibility and adaptation to the economic changes in order to keep profits as high as they can (Kalleberg, 2000). Given that employment situations all over the world has become more competitive and unstable, many companies and organizations have inclined to present more flexible employment conditions, focusing on prospective tribulations (such as lower demand of the market) and the possibility of lay-offs (OECD, 2002). Most companies experience variable demands of work. When demand is high, the usual response is overtime work sometimes augmented by the recruitment of casual employees (Graham and Benett, 1995).

2.1.3 Reduction of Costs

A key benefit in utilizing casual employees is the reduction of recruitment costs (Allan, 2002). This is especially noticeable with agency workers actively recruited by employment agencies, rather than by their eventual employers (Forde, 2001). Indeed, recruitment services by the employment agencies are sometimes extended to the recruitment of permanent personnel (Autor, 2001) and in the United Kingdom represent 7 per cent of invoiced sales turnover within employment agencies. Decreasing employee costs within an organization is a critical aspect of strategic human resource management with regard to competitive global market (Allan, 2002). Nonetheless, in the United Kingdom the reduction of wage and non-wage costs have not been cited as a primary reason for using casual workers (Atkinson et al., 1996). However, if this is not possible the use of casual workers may be ideal. For example, in a survey of 979 workplaces, Atkinson et al. (1996) found that 59.4 per cent of employers used casual workers for short-term cover whilst staffs were away on holiday or sick leave. Long-term and short-term recruitment costs may be kept at a minimum by using casual workers. Nevertheless, these estimates tend to negate the managerial time spent in recruitment even if this was merely picking up the phone to a preferred supplier or contractor (Ward et al., 2001).

2.1.4 Ease of Dismissal

Another advantage of using casual workers was the ease of their dismissal (Allan, 2002). In the United States of America, some scholars suggested that due to the lack of costs linked with laying-off casual workers, they were an attractive option. It was noted within organizations that operated in the unpredictable market of workload (Allan, 2002). Indeed, in the UK, a strategic use of casual workers was to adjust the workforce to match demands. This gave organizations an advantage in terms of numerical flexibility employing “just in time” workers to cope with increased or decreased demand without resorting to making permanent employees redundant. Although the ability to bring people to work at short notice and let them go again gives organizations tighter control on their payroll costs, this may be to the long-term disadvantage of the organization. Casual workers may be less productive due to their time spent in learning new tasks (Allan, 2002). Increased pressure may be placed upon human resource managers or supervisors to induct and train the new casual workers (Allan, 2002). Further pressure may also arise as managers try to control the numbers of staff in accordance with workload.
2.1.5 The Impacts of Casual Employment on Organizations

2.1.5.1 Unscheduled Turnover

The use of casual workers by firms includes, by definition, an element of scheduled turnover. That is, by their nature casual workers assignments have a planned ending date. However, firms that make extensive use of the casual labour market may also experience higher than necessary levels of unscheduled turnover when they fail to cope with human asset management dilemmas peculiar to casual workers (Breaugh and Starke, 2000). Unscheduled turnover is defined as the departure of casual workers prior to the scheduled end date of their assignments. This same phenomenon, viewed from the casual worker’s perspective, is referred to as early withdrawal (Backhaus and Tikoo, 2004). To the extent that unscheduled turnover occurs among casual workers, previously expected cost trade-offs between scheduled turnover and wage/benefit avoidance no longer apply, seriously threatening economic gains previously anticipated from the use of such workers. Human resource managers face an interesting conundrum in attempting to maximize the potential of casual workers. Traditionally, client firms invest little, if any, time or effort in the integration of casual workers, precisely because the assignments are short term by definition.

On the other hand, failure to effectively integrate casual workers into the firm may act to intensify the problem of unscheduled turnover (Breaugh, 2008). Such actions on the part of the firm may also result in casual workers’ failure to acquire an adequate understanding of others’ expectations and their own role-relevant boundaries, thereby depriving the firm of their maximized performance. According to Parker (1994), underemployment, meaning both underemployments in terms of hours employed and underemployment in terms of sub-optimal skill utilization makes casual workers less involved rather than more involved. Segal (1996) found that casual workers worked an average of 33.5 hours per week, while their permanent counterparts worked an average of 39.5 hours per week. Thus, involvement for casual workers is limited on a temporal basis alone simply because they have an average of six fewer hours per week to exercise that involvement.

2.1.5.2 Low Morale

Historically, casual employees have been used to substitute for employees who are on leave, to fill in for a short time while the company screens applicants to hire a new core employee, and to expand a company's short-term ability to handle an increased volume in jobs that are peripheral to core activities. This picture is changing in that, more often, casual employees are being used in what previously were core organizational jobs. This can have an effect on morale because both casual and core employees may be working side by side on the same job, but under different compensation and benefits terms. In addition, casual workers may not get the same training, thereby affecting the risk level in some jobs (Bourhis and Wils, 2001).

A study by Harley (1994) showed that, regardless of size, sector or industry, there was an association between peripheral work and negative conditions in factors such as wage rates, job security, patterns of gender equality, training and career advancement opportunities, worker autonomy, as the rule rather than the exception. If these trends in casual employment growth continue, an increasing proportion of the workforce is likely to experience relatively poor working conditions. Many casual workers actually prefer permanent work and enter short term employment relationships with the hope of obtaining employment in a permanence and skills advancement

*Corresponding Author: 08034955615, 07052087979
E-mail: dele拉斯ak@yahoo.co.uk
(Hippel, 1997). The longer temporary workers work as casual employees, however, the fewer new skills are learned and the less task variety experienced.

2.1.5.3 Low levels of employee productivity

Client firms commonly view casual workers as buffers against market downturns, effectively classifying those workers as expendable. Because of this view, client firms also allocate fewer resources to training and socializing casual workers than to permanent employees (Wiens-Tuers and Hill, 2002). This “restricted investment” on the part of client firms reinforces feelings of second-class citizenship among casual employees and has the compounded effect of limiting both involvement in and identification with, the organization. As a result, casual workers may exhibit lower levels of continuance commitment toward the client firm than do permanent employees in whom the firm’s investment is not similarly restricted. This may reduce their productivity at work. Regarding the unfavorable consequences that can be associated with casual employment, Millward and Hopkins (1998) found that the inexperience of casual employees added to the lack of induction and investment in their skills, might have a negative influence over the attitudes they have concerning security and the best way to perform their duties. Regarding commitment Felfe, Schmook, Schyns, and Six (2008) noticed that casual employees who chose this type of contract show less commitment compared to those who did not. It was likely to find higher levels of commitment among workers with a relational psychological contract (permanent workers) as compared to those with a transactional psychological contract (casual employees) (Millward and Hopkins, 1998). Kalleberg (2000) observed that lack of trust, perceived unfairness, and lower affective attachment can also be related to transactional contracts. These results are similar to those found by McDonald and Makin (2000) when comparing permanent and non-permanent staff.

However, not every study has found negative consequences associated with casual employment. Regarding job commitment, Martin and Hafer (1995) and De Witte and Näswall (2003) found no significant difference between casual and permanent employees. The last authors found similar results about job satisfaction. Engellandt and Riphahn (2005) observed even a higher level of employee effort in casual workers compared to permanent ones. These authors argue that casual workers are more likely to work harder, although this performance level is more commonly found among employees that have a possibility of going upwards in the organization. Feldman and others (1994) found similar results, pointing out that contingent workers with expectations of future permanent employment are more likely to perform at higher levels and show more commitment to work compared to those who do not have these expectations.

2.1.5.4 Casual Employment a better choice than Unemployment in the Nigerian Labour Market

It is accepted that workers involved in casual jobs suffer a substantial deficit in their rights and benefits, compared with employees in standard ‘permanent’ jobs (Kalejaiye, 2014). However, a critical analysis based on the benefits/half-truths and myths of casual work are explained as follow.

First, casual work would not necessarily have bad effects on workers if it were a short-term bridge into better work. Certainly, in some cases, casual workers do go on to better-paid and more secure jobs (Chambers and Kalb, 2001). This is most clearly the case for many tertiary students who after a period of casual work while they are studying, will eventually start careers in the

*Corresponding Author: 08034955615, 07052087979
E-mail:delerasak@yahoo.co.uk

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profession in which they have been educated. It is also likely in some other cases, as part of the normal process of looking around and seeking better work. Some evidence suggests that a direct transition from unemployment to “permanent” job is less likely than an indirect transition which goes from unemployment via a casual job and then into a permanent job (Chalmers and Kalb, 2001). This is unsurprising, since many employers in Nigeria are reluctant to recruit directly from the pool of unemployed, but want some assurance of current skills, work attachment, and work discipline.

Second, it is sometimes suggested that casual jobs do not have bad effects on workers because most of the workers in question are full-time or part-time students, married and fresh school leavers- special kinds of workers who are seen just as “secondary earners”. These categories of workers do not have the full capacity or privilege to work as permanent staff due to their dual role for work, schooling and taking care of the family respectively. It is also necessary to ask how and why status as a full-time student or as a married woman can be seen as an excuse for deprivation of rights and benefits. There is no evidence for a preference for casual work amongst these groups (though there is a strong preference for part-time hours). Similarly, there seems little basis for an assumption that such workers are not dependent on their jobs. It may be argued by some scholars and commentators that deprivation of rights and benefits is less important in the case of students or fresh graduates, since they only experience this for a few years. But women with family responsibilities can be in their casual jobs for long periods of time, and any effects from casual work will therefore indeed be long term. It is hard to resist the conclusion that these groups are poorly treated because their desire for part-time work renders them vulnerable.

As a matter of fact, one reason why workers in non-standard employment in Nigeria may obtain permanent jobs, either directly with a client or indirectly, is because they acquire skills (for example, computer training) and experience with a variety of former employers, who may happen to have employed them as casuals. Indeed, what may be the primary motivation of non-standard employment is sometimes the opportunity for these workers to acquire skills and experience (Carey and Hazelbaker, 1986; Von Hippel et al., 1997). Despite this, Polivka and Nardone (1989) argued that most non-standard workers are employed in jobs that are low-skill and without career potential and that non-standard employment is adverse to human capital development by either the staffing company or client. Yet, in any event, having temporary work is often better than not having a job at all (Lenz, 1996; Segal and Sullivan, 1997).

Belous (1989) and Polivka and Nardone (1989) also argued that workers also benefit in so far as non-standard jobs let them control their schedules, sample a variety of jobs, and have more time for other activities. Nonetheless, the extent to which non-standard workers are able to obtain permanent jobs in their working organization is an unresolved issue (Kalleberg, Reskin and Hundson, 2000). Theoretically, casual work leads to the reduction of an organization’s operational costs, by increasing the ease with which workers can be included and excluded from the workforce (Richardson and Allen, 2001). In this case, the employers and owners of organizations benefit from casual work in Nigeria. Therefore, the corporate trend of hiring and keeping workers on temporary employment rather than permanent employment, even for years, is a cost reduction measure.
2.2 Theoretical framework

This study was guided by the Labour Market Segmentation Theory.

2.2.1 Labour Market Segmentation Theory (LMS)

This theory argues that political and economic forces encourage the division of the labour market into separate submarkets, or segments, distinguished by different labour market characteristics and behavioural rules. Segmented labour markets are thus the outcome of a segmentation process (Reich, Gordon and Edward, 1973). Segments may cut horizontally across the occupational hierarchy as well as vertically. The present labour market conditions in Nigeria can most usefully be understood as the outcome of two segmentation processes-primary and secondary segments. The primary and secondary segments are differentiated mainly by stability characteristics. In primary segment, jobs require and develop stable working habits, skills are often acquired on the job, wages are relatively high, and job ladders exist; while, in the secondary segment, jobs do not require and often discourage stable working habits; wages are low, turnover is high, and job ladders are few (Reich, Gordon and Edward, 1973). Moreover, primary jobs are rationed, that is, not all workers who are qualified for primary sector jobs and desire one can obtain one. Also, the sector of the labour market in which an individual is employed directly influences his or her tastes, behaviour patterns and cognitive abilities (Gordon, 1998). Labour market segmentation theory arose and is perpetuated because it is functional, that is, it facilitates the operation of capitalist institutions. The theory is functional primarily because it helps reproduce capitalist hegemony.

First, the theory divides workers and forestalls potential movements uniting all workers against employers (Kerr and Siegel, 1969). Second, the theory establishes “fire trails” across vertical job ladders and, to the extent that workers perceive separate segments with different criteria for access, workers limit their own aspirations for mobility. Less pressure is then placed on other social institutions-the school and the family, for example that produce the class structure. Third, division of workers into segments legitimizes inequalities in authority and control between superiors and subordinate.

Labour market segmentation theory is understood as having a number of interacting causes, including employers’ organizational requirements and labour-use strategies, the responses of unions, and the impact of the household division of labour on workers’ labour supply decisions. The theory arises from the tendency of legal regulation to superimpose a set of status-based distinctions on work relations. These legal taxonomies, which partition and stratify the workforce, are only partly a response to external economic and political factors; they are also, to a degree, internally generated by the complex and multi-functional modes of regulation which characterize labour law systems (Mitchell and Bill, 2006). The traditional notion of a primary labour market worker suggests that they are employed in tight internal labour market structures which facilitate career advancement, and search activity is used to enhance his/her career aspirations.

Conversely, the secondary labour market worker may be motivated to search for new employment because their jobs are typically precarious. Intrinsic search is associated with occupational and educational levels associated with the primary sector, while extrinsic search tends to be associated with individuals in the secondary sector. The theory posits that the higher rates of turnover in metropolitan labour markets will have different impacts on primary and secondary workers. Primary workers with higher levels of education and skill should be able to use job
mobility to appropriate productivity gains associated with their human capital. Job mobility by secondary workers is driven by extrinsic factor (fear) and generates negligible improvements in pay, security and overall job satisfaction (Mitchell and Bill, 2006). The rationing of high quality jobs to those in a protected “core” or “formal” sector and the resulting marginalization of others is linked to earnings inequality and to the perpetuation of discrimination based on education, skill, gender, age, and ethnic origin. Segmentation may also have implications for efficiency.

3.0 Conclusion

The current state of the economy (with high level of unemployment) has brought a major obstacle to stopping casual work in Nigeria. Since jobs are hard to find, casual workers preferred staying with employers in order to meet up with their daily bread. The labour Market segmentation theory also lead us to that background factors and situation in the place of work which will more likely influence the attitude and behaviour of workers to engage in such jobs. Nigeria has gone a long way in her attempt at economic development and social advancement; hence what she needs now to solve the problem of unemployment is to engage employable Nigerian workers in casual employment, with a good terms and conditions of employment. This will aid those organizations that are engaging employees on casual employment basis to actually save cost through the practice. This was evidence in some Nigerian banks, as well as construction companies who have survived from their financial quagmire with massive casualization of employees.

References


*Corresponding Author: 08034955615, 07052087979
E-mail: delerasak@yahoo.co.uk


*Corresponding Author: 08034955615, 07052087979
E-mail: delerasak@yahoo.co.uk


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*Corresponding Author: 08034955615, 07052087979*
E-mail: delerasak@yahoo.co.uk


*Corresponding Author: 08034955615, 07052087979
E-mail:delerasak@yahoo.co.uk


