

# Managing Casualization and Redundancy of Workers: Its Effect and Implication to Sustainable Development in Nigeria Business Environment

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## **Abstract**

*The evolving form of employment in Nigeria specify that casualization and redundancy is fast becoming the leading form of strategy for flexible work arrangement and downsizing in today's business organizations. The effect of this phenomenon on the nation's sustainable development is devastating with several attendant effects, which calls for urgent attention. Hence this paper sort to pinpoint how to manage casualization and redundancy in Nigerian business organisations for effective sustainable development, with the following recommendations: Government should put increase effort in creating more job-related skills acquisition centres across the geo-political zones of the country to empower our youth to acquire skills in other to be self- employed and also employ others. That effective labour laws should enacted to regulate employment and ensure compliance by organisation in all sector as this will sustain human capital development and contribute to sustainable national development.*

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**Key words:** *casualization, redundancy, sustainable national development.*

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## **Introduction**

The growth in non-standard job has altered employment from being an employer-employee relationship to that of a transactional relationship with employees bearing the entire burden. There are severe rise in off-the-cuff employment and a sequential increase in split between earnings and remunerations of permanent and contract staff (Onyeonoru, 2007).

The International Labour Organization, ILO (2007) defined casual workers as employees that have an explicit or implicit contract of employment which is not predictable and whose period of service is predicted by nationwide situations. The use of casualization comprises the strategic replacement of permanent staff with contract and/or agency labour. Casualization as a practice of labour in which the method of engagement moves from a dominance of permanent and pensionable work to stages of non-pensionable contract work situations, involves engagement of uneven or erratic nature of employment (Kazeem, 2004; Munn, 2004).

Casual workers are often employed by third-party contractors under various types of part-time and/or short-term work arrangements. They perform many of the same technical and professional duties as full-time workers, but with no job security which often result in recurrent redundancies and revolving short-term contracts under any form of downsizing.

Employers of labour are more and more filling vacant spots in their enterprises that are intended to be enduring with temporary employees especially in the middle and lower cadre job hierarchy. This seems to be prevalent in job shop production floors were process jobs

such as packaging where causals and contract temporary or non-permanent workers are used. According to Oyeshola (2008) this drift has remained principally ascribed to the rising demand of employers to reduce costs incurred by the organisation. Also, the increase in the unemployment rate and its attendant detrimental effects, has aided the occurrence of employment casualization, due to several frantic job hunters in the market are eager to undertake any work assignment irrespective of the pay and unsecured job conditions.

The upsurge in casual employment in the global arena is alarming given that permanent job based employment is precluded and more jobs are created through outsourcing or labour agencies (Munn, 2004). The emergent form of employment within Nigeria organisations shows that casualization has become the prevailing form of supply work plan predominant the telecommunications, construction and in the oil and gas sectors. Nigerian employees are going through intense stress from business practices that try to find ways of weaken their ability at the negotiating and replaced with several practises of insecure and lower paid contract, short-term, and temporary work. Moreover sundry jobs are outsourced or reclassified and there is an upturn in the spread and plodding receipt of this labour practice in the Nigerian market and has come to be an issue of concern to interested party (Adesina, 2000; Onyeonoru, 2008).

The terms and conditions of employment in casualization is not controlled by the Labour Laws of Nigeria given that their limits are not clearly determined and no provisions are there to regulate the conditions of their employment, therefore employers misuse their worker force (Segal and Sullivan, 1997). However, Section 7(1) of the labour Act makes provision for a worker not to be engaged for more than three months without been regularized on such employment. It further stated that at the expiration of the said three month the employee on casual employment must be regularised by their employer through the issuance of a written document outlining the nature of their employment.

Furthermore, employers of labour uses these form of employment as an operative means of de-unionizing the work force, reducing cost, and maximizing profit. Fajana (2005) noted that it is challenging to offer precise data on the actual figure of temporary employees in the country given that no certified data depicting trends of casual workers. However, Animashaun (2007) asserted that in Nigerian firms up to 60-90 percent of their workforce are temporarily employed.

### **Derivatives of Casualization**

The rise in the numbers of job loses is unprecedented due to the fact that majority of staff that were on permanent employment are now converted to contract labours or even rendered redundant. Contract jobs were meant to be a system characterised by provisional engagement but rather it has attained the prominence that stable employment had in various firms within the country without any the regular remunerations that is linked with permanent employment exit (Bobibe, 2006).

Also, temporary work force are often subjected to low pay, stripe of their right to form or even belong to a union, and are deprived of other welfares entitlement. Organisations frequently acquire numerous temporary workers as a substitute to one or two full-time employee in other to evade the responsibility of providing benefits and discourage unionizing efforts. However these workers are been paid lower wages, receives little benefits than regular workers and can be sacked at will.

Incessant strikes by unions are also a major reason for reducing unionized skill. Basso (2003) observed that casualization is the attendant effect of unemployment and most times lightly

used to denote to rapid state of conditions of work that are detrimental such as intermittent employment, irregular work hours, and absence of standard employment benefits.

Similarly, Okafor (2007) noted that damages casual employees suffered include: appalling low wages, lack of job security, absence of medical allowances, no gratuity and other termination benefits, no death benefits neither is there any accident insurance scheme for employees, no collective bargaining treaty. This treatment extends to job allowances, canteen services, pension plans, health and life insurance schemes, transportation and leave entitlements.

### **Causes of Casualization**

The upsurge in in the financial kinesis and the decentralized market for labour are indicators of casualization in Nigeria. The liberalized form of trade gave impetus to rivalry ingresses in the economic arena of Nigeria; this therefore resulted to variability in the commodity markets. Responding to the challenges presented by this variability, organisations turn out to be attracted to embrace cost-cutting measures, such as downscaling, cutting down on permanent employment and resorted to the use of temporary workers.

Again, the growing failure of sizeable number of social amenities and lack of favourable economic terrain for organisation to effectively function, coupled with the obligation to create the desired infrastructures needed to stay competitive, such as adequate supply of energy. These dynamics have an imperious consequence on the overhead costs of most organizations resulting to a severe approach in reducing operating cost, thus a severance of the welfare packages of the employees. Other dynamics that have aided the emergence of casualization involves innovation in equipment such as robotics, artificial intelligence, globalization and abundance of labour both skilled and unskilled. As the world shifts in to becoming a global market deregulation become a common denominator of both markets for products and labour this encourages subcontracting, which is underlined as a major predictor of casualization.

### **Casualization Trends in Nigeria**

Casualization in Nigeria is traceable to the initial practices of the multinational companies that transferred practices in their home countries their operational base, however, the emergent of the Structural Adjustment Programme (SAP) in 1986, as well as the IMF and World Bank loans and their conditions further heightened the desperation of employers to cut down organisational costs and develop a more flexible workforce as a new frontier in the managing human resources. The blend of these issues steered a collapse in the economy resulting in several factories shutting down operation, and some functioning below its least possible capacity and several others found it challenging to compete in the globalized economy. The programmes deregulated wages. The immediate effect of this was a rise in industrial unrest resulting to a wage spiral. Organisations were forced to adopt measures that will ensure their competitiveness.

Again, globalization and trade liberalization took it turn as the competitors from other countries infiltrated the market with foreign goods and services thereby forcing indigenous firms to cut down on their manpower and substitute them for casuals so as to minimise operating and production costs in other to stay afloat. The Structural Adjustment Programme (SAP) was developed in other to reduce government interference and participation in the economy activities and to encourage more of private sector driven economy. Aladekomo (2004) asserted that this trend of employment in Nigeria was caused by the failure in the oil

market and that instituting the structural adjustment programme, at the end of the day resulted in reducing its workforce. The affected employee's cuts across graduates and non-graduates hence forcing them to accept casual and contract work placements often with lower pay comparative to full time or regular work.

### **Concept of Redundancy**

The social problem that is central and indisputably a critical occurrence that is of concern to the labour force is redundancy. The devastating effect this phenomenon is evident such that there is scarcely any family in the country that has not encountered the unpleasant experience. The problem stationed by this occurrence is of immense magnitude that it constitutes a threat to sustainable national development which can give rise to social ills in the society, if not carefully handled by the authorities and parties in labour relations (Francis, 2015).

Due to the economic depression, the adoption of redundancy as a strategy of downsizing has increased in most Nigerian business organizations, notably in construction. During an economic recession, organizations go through hard times and most often will implement some kind of change. Different occurrences can engender organizational change. These ranges from the issues of growth, economic depression, change in strategic option, changes in technology and the burdens to compete, shift in market trends and changing customers taste and preferences, and government policy inconsistencies (Donncha, 2011).

Bakke (1976) described redundancy as the movement from employment to unemployment.

Redundancy is thus defined as a state of unemployment due to unavailability of work occasioned by unintentional job loss or permanent layoff. When employees are dismissed from their job by their employers the outcome is redundancy. In other words, redundancy is where an employee is dismissed from their employment because their employer no longer wishes the employee's role to be done by anyone. Redundancy can also occur even if the work is re-analysed and redesigned. In other to secure their position in the market against impending obstacles, and how to survive the flux state of the environment of business occasioned by the prevailing challenges, most business organizations often decide whether to revitalize, restructure, downsize, re-engineer or adopt concentric strategies to meet up with their current challenges (Aladekomo, 2004). Burke (2008) stated that downsizing transcends to minimal reduction of operating expenses through labour reduction so as to attain optimum profits for their firm. Ultimately, organizations strive to increase competitiveness and productivity. The effect of redundancy is losing the knowledge and expertise of worker.

### **Sustainable National Development**

Ferenc, (2007) defined sustainable development as a practise that aims at improving the standard of living in it real sense, that is not limited to economic wealth or physical wellbeing but includes the state of the surroundings, the exercising of fundamental human rights, access to natural resources and to establishments made accessible by the state, in line with physical and psychological fitness, protection and safety.

Also, according to United Nations (1987) and Amos (2010), sustainable development is a form of resource usage that seek to address human wants while conserving the environment so that the basic necessities provided for not only for now but also for the future. Thus, sustainable development is a type of development that takes care of the basic needs of the present generation without conceding the interest of the next generation whether economic, political or social to meet their own needs.

Sustainable development is meant to preserve and improve the standards of the business environment and that of the life of the people making up society defined by the three pillars of sustainability (often referred to as the 3 Es).

<b>Environment</b>	<b>Social Equality</b>	<b>Economics</b>
Ecology	Development	Growth
Nature	Justice	Corporate
Resources	Equity	Interest
Life	Poverty	Trade
Development	Culture	Profit
		Money

**Figure 1: the 3 pillars of sustainable development (adapted from Murray 2011)**

Sustainable organisation of natural resources should go along with economic development generation and supports the fortune, wellbeing through social justice and fairness. In regard to the resources of business, the satisfaction of society's reasonable needs and requirements can be provided for in the long run by business organizations only in concert with the carrying capacity of the business environment.

Thus, there is a need for sustainable utilization of business resources especially the human resources which requires environmental awareness and environmentally ethical behaviour of business organizations in relation to labour and other the society. This in turn requires focusing more on bringing up future generations aiming to develop environmental awareness as to reflect on the tripod of sustainable development.

Accordingly, the concept of sustainable development identifies and trails the objective of making sure the successive generations have the right to a quality life with the obligation of satisfying the commitments concerning the future.

Sustainable development is, consequently, a form of development that enables the satisfaction of the needs of present generations in a way as will not compromise the ability of future generations to meet their own needs.

### **Effect of Managing Casualization and Redundancies of workers on Sustainable National Development**

Casualization of workforce in Nigeria is growing at a disturbing rate and has its attendant effect on national development. The variability in the nature of our current work situations has taken a flexible form and this flexibility has brought about an abusive labour practices which feature temporariness or casual workforce.

Consequently, staffs on daily basis are exposed to job instability, lower wages and more dangerous working conditions as they are denied rights and benefits of regular workers which affect their standard of living (Olaiya, 2013).

Casualization impends on the direct and indirect replacement of stable employment by casual personnel. In both circumstances, the adverse effect on each personnel readily extends out to negatively affect their families and the society which affect the standard of living of these persons. Also, in the meantime casual staffs do not get benefits from their employer, given that their employers do not fund their social security. Hence in the occasion of work mishap or death, employees and their wards are left on the breadline since they cannot sue the organisation for injury they sustain while performing their duty or task related maladies. Yesufu, (2000), stated that the inability of employees to indemnify themselves due to their



meagre resources. The effect is on a break on sustainable development of future generations to provide for growth of the society.

The rise in fraud perpetrated in banks in the country could be connected to the rampant cases of casualization of staff by the financial institutions. Again, casualization could also lead to employee turnovers. The effects of casualization to an employer will also include high cost of recruitment, interviewing and hiring. Furthermore importation of products has led to intense drop in local manufacturing of products due to inadequate raw materials for smooth operation. This decline industrial manufacturing is traceable to partial and in some cases total closure of firms and eventually leading to the prevalent redundant workforce both in the private and public spectrum of the economy (Owei, 2010). The current tendency of organizations to reposition itself and downsize has an adverse effect on their survival and their terminated staff, government (in terms of personal income) and on the entire society (Appelbaum, 2002). Redundancy has significant effect on sustainable national development because as employees are laid off their standard of living are affected as well as their respective families (Anugwon, 2004; Campbell and Brosnan 1999).

This affects society and brings about disequilibrium in sustainable development. Kates *et al.* (1990) found that behaviour that emanates from the adverse effects of job loss eventually yield increased societal problems, which affects national sustainable development. Redundancy can become a shudder for people and difficulties for workers who have spent a good number years with an employer and abruptly layoff into the labour market. Searching for another job can be very traumatic which will eventually affect their standard of living (Burke, 2008). While it is very hard for those who have lost their jobs, the effects of redundancy can be just as substantial for those left behind. The remaining staffs of the organization are also impacted by redundancy in that it affects their concepts of job security, loss of trust and negative impacts of organisational citizenship and demotivation. Having a discussion with these staffs will make them feel they are being thought of by management and that they matter to the organization. It is not only the workers that suffer the effects, the managers also feel the effects of redundancy psychologically, given that they make the decisions, breaking the news of their relief to them and afterwards they are faced with the aftermath of ensuring that the organization survives. Again, they have to deal with working hard to regain the trust and respect of staff left behind.

Adewumi and Adenugba (2010) observed that workers feel constrained by lack of job opportunities in the economy to change to better jobs. Those without a job are eager to get a job of any kind so long as they are paid for it, given that those laid off also have needs which need to be met. This is detrimental to the survival of the nation since it is one of the major social issues affecting its growth and development in terms of sustainable development and poses threat to 'the business environment (Saanu, 2013). No young man who is educated without a job would remain himself without engaging in one venture or the other for him to survive and this venture can aid the development of the country positively or serve as a brain drain to the economy.

### **Conclusion and Recommendation**

Casualization and redundancy are serious problem to the sustainable development of Nigeria as it poses a threat to the environment in which businesses operates. The social vices that have plagued this country such as trafficking, armed robbery, terrorism, kidnapping, prostitution amongst others may perhaps be attributable to the negative outcome of casualization and redundancy, as these problems are tied to poverty caused by job severance

and irregular work systems that is inimical to sustainable development. The following recommendations are put forward as measures for curbing the challenges of redundancy and casualization in Nigeria. Government should intensify efforts to create more vocational skills acquisition centres across the country to enable our young men and women to acquire skills for them to be self-employed and also employ others. Also effective labour laws should be enacted to regulate employment and ensure compliance by organisation in all sectors as this will sustain human capital development and contribute to sustainable national development.

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