

The Rhetorics of Labour Contracting As a Managerial Tool among Oil Multinational Corporations (MNCs) In Nigeria

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Abstract

This paper attempts to investigate how labour contracting is employed as a managerial tool by the oil multinational corporations (MNCs) in Nigeria. In recent years, there have been agitations by trade unions who have fiercely resisted the proliferation of contract workers in the oil industry. Violations of trade union rights are widespread in Nigeria and include the intimidation of workers; refusal by employers to recognise trade unions; and the dismissal of workers' representatives for trade union activities. At the same time, there have been concerted efforts on the part of the management of the oil multinationals and the government to arrest the situation. However, till date, few studies have categorically examined how labour contracting could be used as a managerial instrument as purportedly claimed by the affected workers and the trade unions. This research report was designed to explore the experiences of the contract workers, especially when juxtaposed with their colleagues on permanent employment. Using a qualitative research method, and employing survey and interview, the findings show strong resentment on the part of contract workers who lamented poor motivation, job dissatisfaction, poor career prospect, almost non-existing training, and poor working relations with their colleagues on the other divide of the employment ladder.

Keywords: Contract staff, Employment relations, Flexibility, Labour contracting, Multinational corporations.

INTRODUCTION AND BACKGROUND

There appears to have been an increase in the marginal role played by the Nigerian oil workers within the petroleum sector (Mordi, 2008). The trajectory suggests that many of the workers have been placed on short contracts by the multinational corporations (MNCs), while fewer numbers have permanent employment status (Ajonbadi, 2015). This issue has led to tensions in the industrial relationships between and within labour contractors, their contracted staff, oil sector trade unions, the communities, the government and the multinational firms. This situation was unchecked due to deficient vigorous labour regulations and the absence of effective implementation structures, as well as other wider issues relating to the Nigerian polity (Fajana, 2011). These issues have been echoed among executive and legislative arms of the government in Nigeria, and pointed out in the Nigerian Local Content Bill, which is a bill enacted to affect and influence all work activities among MNCs in every sector, particularly in the oil and gas industry. The bill, which received presidential permission on the 22nd of April 2010, addresses contractual issues. However, with respect to employment issues, it states that Nigerians be given primary consideration for wage employment and training in any project by any operator or project promoter in the industry, among other issues.

The ultimate aim of the Nigerian Local Content Act is to increase the number of Nigerians working in the oil and gas sector and ensure job security in contrast to what has been prevalent for decades where the majority of Nigerians working in the sector are subjected to precarious contract work (Okougbo, 2010). Labour organisations in the country have consistently objected to this psychological contract and the limited recruitment of indigenous Nigerian workers; the limited leadership roles given to Nigerian workers in the oil companies operating in the Nigerian oil sector; and the general expansion of the secondary labour market through the increasing use of labour contractors and temporary workers in almost all multinational companies operating in Nigeria (PENGASSAN, 2011).

The problems associated with the lack of direct involvement and permanent employment of locals in the Nigerian oil and gas sector has attracted a hostile response from communities surrounding the multinational companies operating in the Niger Delta region of Nigeria where most of the oil exploration in Nigeria takes place (Okafor, 2007). Sometimes, Nigerian oil workers, together with communities surrounding the oil firms, have sought to use strike action, revert to the courts, vandalise oil facilities, and sometimes take foreign expatriates hostage. For example, between October and November 2006, nine expatriate oil workers – including five British men – were taken hostage (Okougbo, 2010). In November 2010, Nigerian oil workers shut down Exxon Mobil in Nigeria over the sacking of 84 Nigerian contract workers (PENGASSAN, 2011).

This study explores how the Nigerian oil MNCs use labour contracting as a strategic management tool. It attempts, in particular, to critically examine the nature of labour contracting, including how and why it is used and the implications for multinational corporations/companies (MNCs) using such in managing the Nigerian oil workers. Using empirical and analytical lenses, the study aims to understand the nature of labour contracting and its effects on the employment relationship; and this is because in the last two decades, anxieties in the industrial relations structures in the Nigerian oil and gas industry have evolved in a unique way.

LITERATURE REVIEW

Employment Relations and the Issue of Control

The contest for control of workplace processes has always been a central theme within employment relations. For instance, the employer has control over the production process, while workers also endeavour to control their labour process. However, from a contractual legal perspective, workers surrender control of their labour power to the employer as soon as the employment contract commences (Benjamin, 2013). Control in an employment relationship may generally be defined as the power to direct, determine, or constrain a person or group (Garcia, 2014). Employers have often used a variety of arguments to protect their privileges, rights and pursuits for greater control over labour processes. These arguments can be broken down into three categories. The first has to do with the need to guarantee stability and firm performance; the second concerns profit maximisation and cost minimisation; the third relates to the issue of discipline and ability to respond quickly to market volatility (Torrington and Hall, 2011; Hattons, 2014; and ILO, 2016).

The exercise of control over the workers is a means of obtaining the desired work behaviour from others. In identifying the essentials of a system of control, Edwards (1979:17-18) argues that they consist of devices 'by which employers direct work tasks; the procedures whereby they supervise and evaluate performance in production; and the apparatus of discipline and reward'. There are problems, both theoretically and practically, when one attempts to specify

what control is, how control is acquired, and how it is maintained. For Weil (2014), in order for employers to exercise control, there is an essential need for hierarchical chain of command. In their definition of control, Cascio and Aguinis (2010) argue that control can be referred to or defined as a situation by which an employer will have absolute power to provide all that the business needs and hire and fire at will as he is capable of determining and more or less controlling the way of life of the employee. No employer has such absolute control.

It is important to note that the nature of employment relationship has been described as one in which the owner of labour submits or must trade both their physical and intellectual abilities to the owner of capital of production. From inception of the relationship and throughout the existence of the relationship, the employee is subordinate (Piecherit, 2009). The employee, within this “indeterminate” and asymmetrical employment contract (Mordi, 2008), submits the ability to work for some remuneration from the employer. It becomes more obvious that the relationship is certainly not that of equals, as perceived by the legal mind. The single employee cannot match the single employer, which is a “bundle of economic resources” (Hayter and Ebusui, 2013:84). Consequently, in order to match the employer, the employees must organise themselves into a group. The coming together of the employees when bargaining with the employer helps bridge the initial wide gulf between the employer and the employee.

Generally, the ideas above resonate with Kleinknecht (2014), who argues that whenever an employee accepts an employment contract he has inadvertently agreed to comply with the instructions, rules and regulations that guide the discharge of such responsibilities; and that the employer, on the other hand, will be obliged to only give instructions that are generally acceptable to the society. What appears to be clear is that the extent to which control can be exercised depends upon the possession of power (Piecherit, 2009). However, identifying the location or who has power and, indeed, control within a management setting is not a simple exercise.

Traditionally, once a worker enters the employment relationship and agrees to offer their labour power to the employer, based on the terms specified in the employment contract, such a worker comes under the control and power of the employer. This form of power, for Galbraith (1986:216), is called ‘compensatory power’, which for him is a source of control for the employer who wins submission from the worker by the offer of an ‘affirmative reward’. However, this legal authority to control the employment relationship, which is rested on the employer via the contract of employment, does not necessarily translate into operational control over the employment relations. Management still seeks to transform the labour power it purchases into productive labour, which produces goods and services (Lee and Eun, 2016). It is in the attempt to translate this legal authority or legal contractual agreement into operational control that conflict occurs.

Strategic Internal Financial Control and the Paradigm Shift towards Flexibility

One way that multinational companies exert influence and control the structure of the internal labour market in the subsidiaries (i.e. which employee gets into the core or periphery of the workforce, and whether a particular group of labour should be homogenised via more individualistic contracts) is by controlling the financial expenses of a firm or by raising financial profit margins. There is now increasing evidence to suggest that companies, whether multi-business companies, acquisitive financial conglomerates or multinational companies (irrespective of whether they are diversified, divisionalised or decentralised), are increasingly moving towards strategic financial control systems (Serrano, 2014 and ILO, 2016). Director (2012), Rubiano, (2013) and Maurizio, (2016) spells out several features of such large firms. These include the fact that such firms focus more on short term financial gains. They are

willing to act quickly to exit from a business that they are not profiting from and are quick to replace managers, apply fiercer pressure through the monitoring process and become more effective when given acclaimed recognition for good performance.

The stress for low-cost production and more effort, productivity and profit have often come with an abdication of 'social responsibility', according to Mintzberg (1979: 424). Increasingly, managers of subsidiary firms caught in the web of corporate economic profiteering have adopted flexible policies, which give more room for the use of a typical contract worker. Oke and Idiagbon-Oke (2007) and Papola (2013) argue that this should not be a surprise – unit managers in pursuit of meeting targets are likely to use any approach that is considered cheaper and more capable of ensuring the cooperation and compliance of workers. Such experiments in the 1980s included an extensive use of temporal, numerical and financial flexibility (Atkinson, 1984). One immediate implication of this is the increasing use of "contract for service" rather than the traditional "contract of service". The importance of these categories in the employment law has great significance for the individual worker and employee under the legal employment contract (Selwyn, 1998).

The Dynamics of Labour Contracting and Flexibility Concept in Social Relations of Contract Workers

The concept of flexibility is used by firms to react either in the short or long term to certainty and uncertainty. Employers increasingly use flexibility as a control device and strategy for sustaining managerial prerogative, control of workers and their working conditions, remuneration and employment (Mordi, 2007; Kleinknecht, 2014; and Ajonbadi, 2015). Atkinson's (1984) thesis of the flexible firm is similar to the segmented labour-market theory, which suggested that the flexible firm is an in-firm divided workforce: a primary workforce whose workers are stable and skilled, having access to secure employment and prospects for career progression; while, on the other hand, the workers within the secondary segment have less career mobility and job security as they are in and out of contracts due to limited contractual employment such as short-term contracts or part-time contracts. Such workers are often poorly paid, and supposedly meant to be semi- or non-skilled workers, but are usually skilled (Battisti and Vallanto, 2016). The choice of who is recruited into this core is influenced by a number of factors – skills, job experience, education; and what Pollert (1987:16) calls 'the managerial strategic choice factor'.

There is growing evidence to suggest that the divisions and distribution of workers into the prime choice areas of the internal labour market using the flexible arrangement is sometimes done on an ad-hoc and discriminatory manner. Theodore and Peck (2013) insist that what matters to employers is the relatively easy disposability of the workers, which makes the workers more vulnerable. The situation is worse in developing economies, particularly in Nigeria, where the unemployment rate is at an alarming stage of double digits – 23% (NBS, 2015). Disposability refers to the ability of the employer to alter or sack workers in a business at a particular time (numerical flexibility) or the ability to remove and throw away occupational and skill boundaries which are long used and protected by the workers as it suits the employer.

In controlling the labour and production processes, especially the use of labour inputs, oil MNCs managers in Nigeria fragment workers in the internal labour market into primary and secondary labour markets, or what is referred to in these firms as the "core and servicing" sub-sectors. By core, they mean the full-time, permanent staff of the firms. This division is reflected in the terms of the contract, conditions of the service and the opportunities available to those

working in the same work environment who are exposed to the same kinds of risk. To achieve these divisions, multinational employers utilise a number of strategies. These strategies include the intensive use of part-time, fixed-term and short-term employment contracts (Ajonbadi, 2015). These temporary jobs are obtained through the extensive and intentional use of contracting out, outsourcing or what Nigerians call 'casualisation'. Casualisation depicts a job subject to austere employment conditions. It is generically used here to refer to both casual and contract workers, since they have more or less the same conditions of service, except that casual workers are paid on a daily or weekly basis, while contract workers are paid monthly and on a fixed-rate basis.

PRACTICAL METHODS

The research reported here is part of a wider study designed to examine the dynamics of labour contracting among oil MNCs in Nigeria. A case study approach was used in order to allow observations to be evaluated in context (Creswell, 2013). The research is based on an in-depth case study of three organisations who are major players in the oil sector. Data were collected by two methods: a series of semi-structured interviews and a survey of contract staff. Some internal company records and documents (such as contract between the user firms - MNCs and the labour contractors; letter of employment; provision of off shore labour service documents; annual certification of compliance for international consultants, contractors, agents and representatives foreign corrupt practices Act; many communiques between MNCs management and trade unions; notices of protests by trade unions; guidelines on labour administration; among others) were accessed.

Three separate field works were undertaken. 12 union officials both from the Nigeria Union of Petroleum and the Natural Gas Workers (NUPENG) and Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) were engaged in semi-structured interviews in different locations. 38 contract staff and 14 contractors across all three organisations were interviewed. A total of 64 participants were interviewed with varying degrees of responses as evidently presented in the findings. The interview questions were designed to gain an insight into individual experiences of being contract workers and the effects of such on their productivity and life outside work. The interviews were audio recorded with the permission of participants and subsequently transcribed. The data were analysed using thematic content analysis and categorisation techniques using the nVivo software package.

To validate the outcomes of the research after data have been collected through interview method, 220 questionnaires were distributed to the contract staff and 147 were returned, representing approximately 67%. No questionnaire was given to the contractors as theirs were mainly interviews.

RESULTS, FINDINGS AND ANALYSES

Types, Nature and Scope of Labour Contracting

There are two broad types of contractors in the Nigerian oil sector: a) those with a contract of service and b) those with a contract for service. When a contractor is directly recruited under the contract of service, it is usually done by the MNCs communicating directly in writing and stipulating that the multinational firm agrees to employ the labour contractor as an employee; while the other person agrees to serve the employer as an employee.

According to Shell (Nigeria) in 2008, 'Shell-run companies in the country awarded contracts worth more than \$900 million to Nigerian companies. This represented more than 90% of the overall number of contracts. It also amounts to 36% of total value. The Shell Petroleum Development Company (SPDC) and the Shell Nigeria Exploration and Production Company

(SNEPCO) employ around 6,000 direct staff and contractors. More than 90% of them are Nigerian' (Shell.com.ng). What Shell failed to state is the number of contractors employed and the number of employees on contract.

A contract of service can be in the form of a letter of appointment/employment. The employer cannot change the terms and conditions of employment unless the employee agrees to it. In other words, the labour contractor employed under the contract of service enjoys the same privileges as a permanent, full-time worker. In fact, any terms and conditions of employment in a contract of service that are less favourable than the relevant provision under the Employment Act (2004) are illegal, null and void. The provision in the Act will take precedence over a particular contractual term that is less favourable. Under a contract of service, the MNC employer must provide relevant statutory benefits such as annual leave and sick leave for its engaged employees.

A contract for service on the other hand, is an agreement whereby the labour contractor has been engaged as an independent contractor, such as a self-employed person or a vendor engaged for a fee to carry out an assignment or a project for the company. Under such a work arrangement, there is no employer-employee relationship, and the contractor is not covered by the Employment Act. However, the Local Content Bill (2010) in Nigeria emphasises the need for Nigerian contractors to be awarded more contracts; imposing severe penalties on failure to comply. It is important to note that sometimes in the oil and gas sector in Nigeria; it is difficult to distinguish a contract of service from a contract for service. Some of the factors to be considered in differentiating the two may include: who has control over recruitment, dismissal and what employees are paid? Who determines the production process, timing and method of production? Who is responsible for the provision of work, or who owns the factors of production or who provides the tools, equipment, the work place and materials? Does the person carry on business on his own account or carry on the business for the employer? Who bears the profit and /or loss?

In controlling its labour and production processes, especially the use of labour inputs, multinational oil companies investigated tend to fragment their workers in the internal labour market into primary and secondary or what is referred to in these firms as the "core and servicing" sectors. By core, they mean the full time, permanent staff of the firms. This division is reflected in the terms of the contract, conditions of service and the opportunities available to those working in the same work environment and exposed to the same kind of risk. To achieve these divisions, multinational employers utilise a number of strategies. These strategies include the intensive use of part-time, fixed-term and short-term employment contracts. These temporary jobs are obtained through the extensive and intentional use of contracting out, outsourcing or what Nigerians call 'casualisation'. Casualisation depicts a job subject to austere employment conditions. It is generically used here to refer to both casual and contract workers since they have more or less the same conditions of service, except that casual workers are paid daily or weekly, while contract workers are paid monthly and on a fixed rated basis. Casualisation has been perpetuated by the intensive recruitment of labour contractors. The available data on casualisation in the Nigerian oil and gas industry is quite informative (See the table below).

Table 1: Casual/ Contract workers in the Nigerian Oil and Gas Sector

<i>Company</i>	<i>No. of Workers on Permanent Job</i>	<i>No. of Casual/ Contract Workers</i>	<i>% of Workers on Causal/Contract</i>	<i>Total</i>
African Petroleum Plc	300	376	55.6	676
Chevron	450	3000	87.0	3450
Comex Nig. Ltd	52	150	74.3	202
Consolidation Oil	300	600	66.7	900
Devtag Drilling Co. Ltd	96	300	75.8	396
Elf Oil	42	132	75.9	174
Elf Petroleum	199	550	73.4	749
Lighthouse Petroleum	58	105	64.4	163
Mobil Oil	NIL	492	100.0	492
Mobil Producing	492	2200	81.7	2692
National Oil	51	178	77.7	229
Nidogas	15	150	90.9	165
Nigerian Agip Oil Co.	211	1500	87.7	1711
NNPC	9000	3000	25.0	12000
Remm Oil Service	120	350	74.5	470
Schlumberger Group	250	1000	80.0	1250
Shell Petroleum Development	520	8000	93.9	8520
Smithnigeria	25	80	76.2	105
Tidex Nig. Ltd	65	120	64.9	185
Total Nigeria Ltd	136	534	79.7	670
Trans Pecan Sedco Forex	50	150	75.0	200

Source: NUPENG, 2003

A study of foreign multinational companies in the Nigerian oil and gas sector in 2001 pointed out that the oil sector is built on a secondary workforce. For instance, Mobil had 492 workers who were employed on open-ended contracts, while it had 2,200 casual workers in 2001, (Eppah, 2001). The same situation is replicated in Chevron where 450 workers were employed in the core of the firm and 3000 as contract workers; also the Schlumberger Group has 250 workers in the core of the workforce and 1,000 workers in the periphery. Shell had 93.9% of her employees on contract with 8,000 people on such 'precarious employment' and only 520 have full time job. The Nigerian National Petroleum Corporation (NNPC) which is run by the federal government with the tax payers' money is the only one that hires more workers on full time employment than those on contract. This above table represents the atypical employment pattern prevalent in the oil industry by the MNCs.

Labour and service contracts are terms used by the management of MNCs to describe contract labour. Management sometimes refers to it as "Body shop" or "Direct hire", while others refer to contract labour as service providers (Ajonbadi, 2015). Once employed, the contract staff in some companies is made to sign the Yellow Dog contract. The yellow dog contract is a compulsive undertaking not to join the union whilst in employment. These nomenclatures are being used to describe contract labour to inject internal contradictions (Adenugba, 2004 and Okougbo, 2010).

Job Satisfaction and Employee Motivation

One of the major challenges facing line management and the HR function is the motivation of employees. Pilbeam and Corbridge, (2010) suggest a critical link between job satisfaction and motivation on one hand, and productivity and profitability on the other. In order to understand how labour contracting is employed as a control/managerial mechanism in the oil sector in Nigeria, one of the questions posed to contract staff was on job satisfaction and their level of motivation. A major theme that emerged on this subject revealed that employees on contract

generally did not express overt opinions and suggested that their jobs exist to satisfy their basic physical and social needs. A participant in one of the organisations investigated with the 'Meet and Greet' Unit claimed that:

'I am only motivated to work as it is the only way to feed my family and pay my children's school fees. The conditions surrounding my work are depressing and de-motivating but my choices are limited'

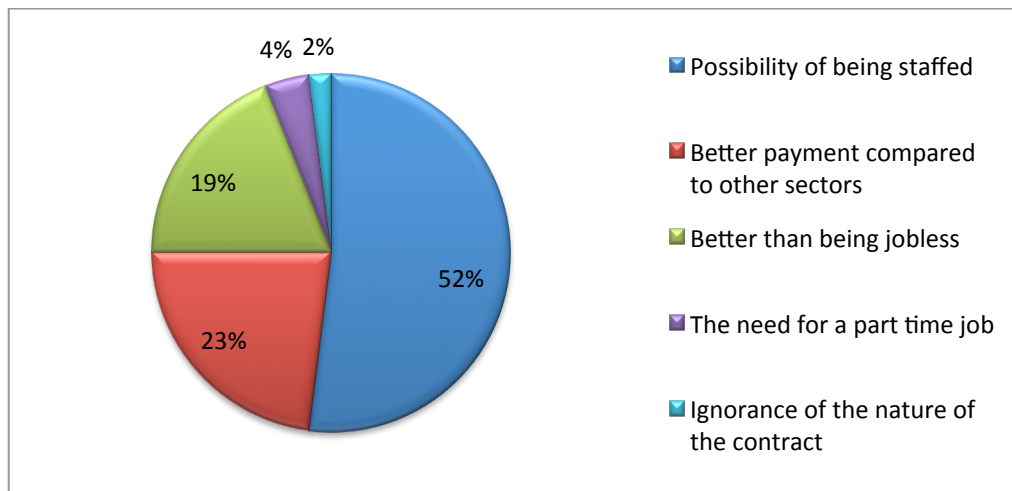


Figure 1: Reasons for contract jobs

When employees on contract were confronted with the question of why they accept contract jobs, 52% claimed their attraction came from the possibility of getting converted to permanent employment; 23% claimed that the pay is better than permanent jobs in most other sectors; and 19% said it is better than no job at all. 4% said they need the jobs on temporary basis; and another 2% claimed ignorance of the nature of the contract at the beginning.

While majority of the respondents of this survey asserted that their motivation comes from the hope that they will be converted to permanent staff one day; evidences abound that on rare occasions will such conversion happens, and it is usually at the discretion of the user-firm (the MNCs). This was confirmed by most of the contractors during the interview, and it was well summarised by one of the contractors who asserted that:

'It does happen that a highly valued employee on contract is requested by the third party (user firm) and necessary arrangements will be completed in terms of paper work to have such contract workers converted to permanent employment'.

When these views are placed in context, it can be argued that contract workers in the organisations do not view satisfaction and motivation as an important part of their work life. A reason for this within the national context as identified by Okafor (2007) is the high rate of unemployment which leads people to jobs in which they do not feel motivated but engaged in to satisfy their economic needs.

Employees were also asked about the level of influence they exercised over their jobs and tasks. In particular, contract employees expressed strong opinions about having to defer to less qualified and experienced colleagues on open-ended contracts simply because they were on fixed-term and casual contracts. One employee from the logistic unit of claimed that:

“Decisions about the maintenance of machines and replacement of parts are taken without reference to the operators of the equipment”.

In doing this, the management deprives employees of a voice and restricts their input into the production and work process while seriously compromising occupational health and safety. This is similar to the findings of Battisti and Vallanto (2013), which found a link between flexibility and employees’ perceptions of job quality. By reducing employees’ involvement in their work, management unwittingly reduce their levels of motivation and morale leading to a further drop in productivity which defeats the business case for flexibility.

Compensation policies may motivate and satisfy employees through incentive plans or may harm motivation and satisfaction through insufficient raises or salary freezes (Adam-Smith, 2009). The motivation and satisfaction of employees could act as feedback on the organisation’s quality of work life, and possibly improve the human resource department’s day-to-day employee relations activities (Lee and Eun, 2016 and ILO, 2016).

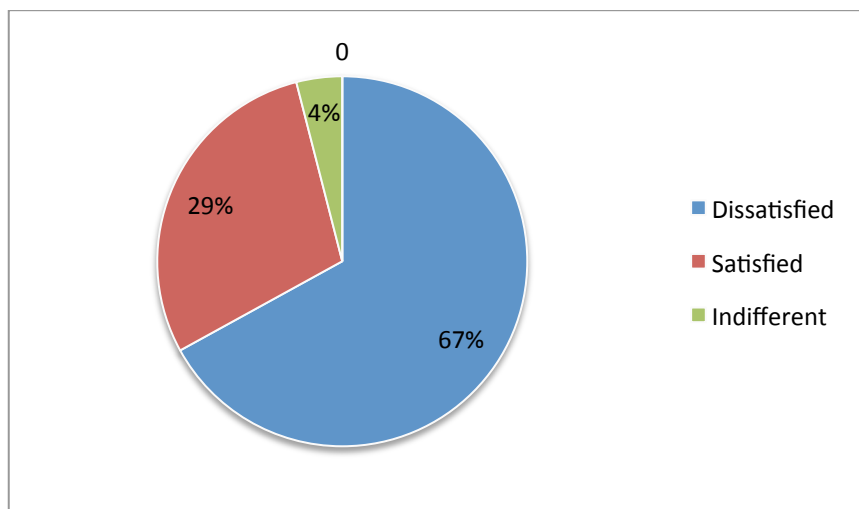


Figure 2: Job satisfaction

About 67% of the employees confirmed their dissatisfaction with their work, with about 29% expressing satisfaction, whereas the remaining 4% were indifferent. Marchington and Wilkinson (2006) point to a link between flexibility and declining motivation and morale among contract workers. The 2006 attitude survey by the PENGASSAN union in the Nigerian oil and gas industry reveal a high level of job dissatisfaction among contract workers, with 69% of workers surveyed expressing dissatisfaction with their work (PENGASSAN, 2006). This is consistent with the findings of this research and the critical analysis of literatures.

It would seem logical to assume that job satisfaction should be a major determinant of an employee’s ‘organisational citizenship behaviour’ (Reiche et al, 2009: 48). Satisfied employees would seem more likely to talk positively about the organisation, help others and go beyond the normal expectations of their jobs.

Another contract staff member in the Information Technology Unit said:

‘I used to give my best when I joined this organisation five years ago as a contract staff, hoping my condition of service will improve, or at least match those of my colleagues on permanent employment. This has not happened, as the margins between us widen and my spirit is dampened because it is a case of monkey dey work, baboon dey chop. I mean, we the contract staff do the work, while permanent staff enjoys the rewards’.

Basically, job satisfaction is influenced by the conceptions of fair outcomes, treatment, and procedures (Martin and Fellenz, 2010). Thus, if an employee does not feel his/her supervisor is fair in the treatment being meted out to him/her, or the organisation's procedures are perceived to be unfair, or pay policies are unfair, then, job satisfaction will likely suffer. But when an organisation's processes and outcomes are perceived to be fair, trust will likely develop, and this will in turn lead to employee's commitment (Budd and Spencer, 2014).

Career Mobility and Prospect

In recent years, career planning and development have gained more ground than ever as more proactive career-related efforts have been intensified. Thus, some organisations provide career education, information, and counselling (Borghans and Golsteyn, 2006). However, it is often emphasised that the primary responsibility for career planning and development rests with the individual employees. The planning process will enable employees to identify career goals and the paths to them; then, through developmental activities, the workers seek ways to improve themselves and further their career. Individual efforts include good job performance, favourable exposure, leveraging, and the building of alliances.

Another key characteristic of 'core' jobs among the MNCs in Nigeria is the fact that those on permanent employment enjoy career mobility. Career mobility refers to workers being rewarded for performance through its internal labour-market mechanisms to move from a lower position to a higher one (Marginson, 2015). This issue segregates, differentiates and segments those workers in permanent employment and those on contract. For instance, a project engineer with one of the organisations studied pointed out that:

'Since we contract workers are recruited into the company through contractors, we are not entitled to promotion.'

The respondents lamented the lack of motivation in the absence of career mobility, as a staff member in the operations department claimed:

'I really wish I could get another job, even if it is in the public sector that pays poorly, because at least I will know that I am advancing in my career and I will get promoted every year and will ultimately have something to look forward to for retirement'

Slow growth and restructuring through downsizing have eliminated many career opportunities for otherwise good, hardworking employees (Rubiano, 2013). Simply put, many people have found their career stalled through no fault of theirs. As most of the oil MNCs in Nigeria have scaled back their levels of middle management and staff through the use of contract staffing arrangements, finding career advancement opportunities outside the firm entails considerable competition from others.

One of the contractors confirmed the challenges that come with career mobility to the contract staff while gauging them with the permanent staff:

'It is a pitiable situation because I know that some of the permanent staff whom the user firms are spending money on have reached their career plateau beyond which they are not capable of advancing even with training but they still get more opportunities when compared with contract staff who are still full of ideas and energies'

Barrientos (2011:86) argue that contract workers are plagued by the fact that 'mobility across the boundary of these sectors is restricted, and higher paying jobs are tied to promotional or career ladders, while lower paid jobs offer few opportunities for vertical movement'.

Training and Development and Acquisition of Skills

Competent employees do not remain competent forever. Skills deteriorate and can become obsolete (Salas et al, 2012). This is why organisations spend millions per year on formal training. Employees with self-efficacy have strong expectations about their abilities to perform successfully in new situations. They are usually confident and expected to be successful (Neuman, 2014). Thus, training is a means to positively affect self-efficacy because employees may be more willing to undertake job tasks and exert a high level of effort.

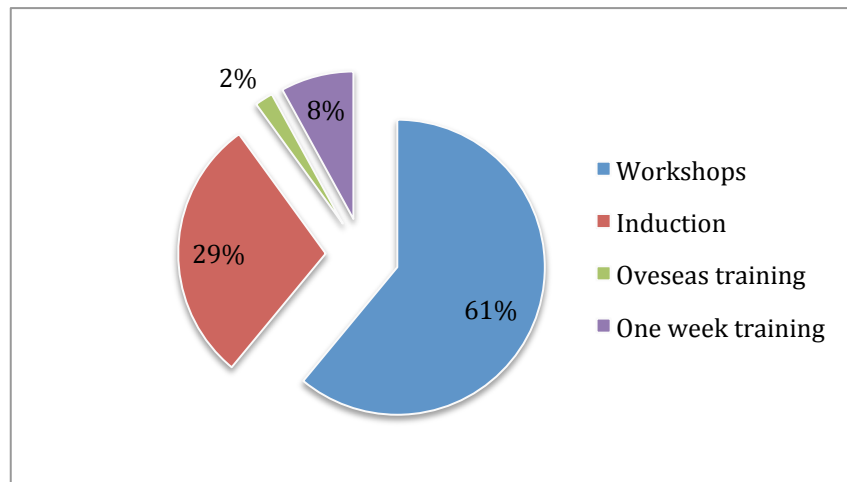


Figure 3: Nature of training

It appears safe to state that training and development are key requirements to retaining a highly skilled and talented workforce. In the case study organisations, respondents were asked how regularly they receive training, the nature of the training and duration, and who bears the financial implications (the contractors or the third party – MNCs). From the survey reports, 61% of the respondents claimed they are only exposed to one-two day workshops usually run in-house. Another 29% claimed all they have had was the induction at the start of the work. It is important to mention that, on reviewing the questionnaires, majority of those in this category were those who have spent less than a year with the organisations. Interestingly, about 2% claimed to have had one or two overseas training courses at the expense of the user firm. However, on review, it was observed that all of those in this category have been working as contract staff for over eight years. The remaining 8% claimed to have only had one week of training.

Another respondent from the Information Unit claimed that:

'I always find it plausible to comprehend when I see the management sending our colleagues on permanent contract to training and leaving us out, yet they expect the same performance. It is crazy, but what can you do other than train yourself. I am now doing my MBA (at my own expense) just to remain competitive and relevant; whereas, I have my mate on the other side of contract who is being sponsored by management'.

This creates a group of employees with only basic skills to carry out the simple tasks required in their job roles. From one of the interviews with a contractor, it was revealed that the company saw:

'It as a drain on resources to send peripheral employees on training courses when you are not sure you will retain him/her. If care is not taken, you will be training such person(s) for your competitors.'

The above resonates with one of the findings from Mordi (2007), who suggests that multinational organisations create a segmented workforce within the workplace. Peripheral employees end up using existing skills to improve the competitive advantage of the organisation while gaining little new knowledge in the process. As the attitude survey by PENGASSAN (2006) shows, employees on contract rated training has the second most important disadvantage in comparison to their core colleagues.

A contractor that works for two of three organisations investigated supported the claim that the user-firm is largely responsible for the training of contract staff:

'I know for sure that my clients (the user-firms), focuses training concept on individual employees as they believe that all employees, regardless of salary grade, position or nature of contract, can benefit from quality training. They have four phases of training, depending on the employees' department. The first includes an extensive orientation programme for new employees and on-the-job training for those who have transferred to a new job. The second phase is departmental training. Hourly and management employees receive specialised courses that are intended to increase departmental productivity. The third phase is plant or facilities training. Safety training and courses for personal or professional development are included in this category. The final phase is corporate and outside training and development. It includes training and development efforts made by corporate offices, private consultants, and universities. These are courses that are more general and developmental in nature, forming the backbone of employees' efforts at continuous learning.'

In reaction to how the managers of the organisations studied are re-evaluating skills in their Nigerian subsidiaries, the NUPENG national secretary called on the Nigerian government to revoke the contracts with multinational companies that refused to use Nigerian fitters and welders in executing their jobs. The union singled out Indian, Filipino and Chinese welders and fitters that were increasingly becoming recipients of outsourced jobs in the oil and construction industries in Nigeria (NUPENG, 2010). Some have argued that it would be a mistake to think that core workers are necessarily the most highly skilled workers or the most relevantly skilled workers to a firm's needs. Atkinson et al. (1984: 59) argued that 'with some exceptions, employers are becoming pragmatic and opportunistic, taking advantage of current weak unions and high level of unemployment'. Again, loose legal and labour policies in Nigeria are contributing to the current challenges as it makes it easier for employers to choose who they want to place in the core or peripheral segment (Okougbo, 2010).

Theodore and Peck (2013) and Serrano (2014) argue that employers will normally embrace the logic of flexibility, as it affords them the ability to rename or redefine core and peripheral skills. It is now commonplace that skill is socially constructed as semi- or unskilled, and may not be rewarded by the advantages of an internal labour market, such as pay, promotion prospects and other non-wage benefits. For Pollert (1987), this dilemma is a conceptual problem that weakens the notion of a core segment. She argues that the characteristics of the core segment are not always as fixed as commentators of the dual labour-market theories proffer.

Working Relations among Colleagues

The network of interpersonal relationships in the workplace, resulting from the use of flexibility is one dimension that has not been addressed in earlier studies and literatures. In order to understand how employees perceive their relationships in the workplace, they were asked what the relationship between them and their colleagues on permanent employment was. This question revealed inherent tensions in their relationship. The contract employees who responded had the perception of being treated as second class citizens by members of the core workforce. A striking response in this regard came from an employee from the Logistic Unit:

'They (permanent staff) see us as their errand boys, even though in most cases we are more qualified than them; they delegate tedious and meaningless tasks that ordinarily are not part of our job role.'

Another contract staff member furiously responded to one of my questions on the working relationship and said:

'Listen, I am not a dropout, I have two masters: one is MBA (Operations Management) and the other is MSc. in Chemical Engineering. I am, however, treated like a steward or a beggar. My contract terms stipulate that I do all the work as a normal worker here but I am seen as a mere 'body part'. This is only happening because the Nigerian government has allowed it. This causes a lot of human and work discontent. Some of my colleagues have taken this badly.....sometime we have even fought physically and beaten permanent workers who have mistreated us.'

This creates problems, especially when work groups are structured around teams comprising core and peripheral staff, and presents a serious managerial challenge at line, middle and top management levels. Team building utilises high-interaction group activities to increase trust and openness among team members. The activities considered in team building typically include goal setting, the development of interpersonal relations among team members, role analysis to clarify each member's role and responsibilities, and team process analysis (Allen, 2006).

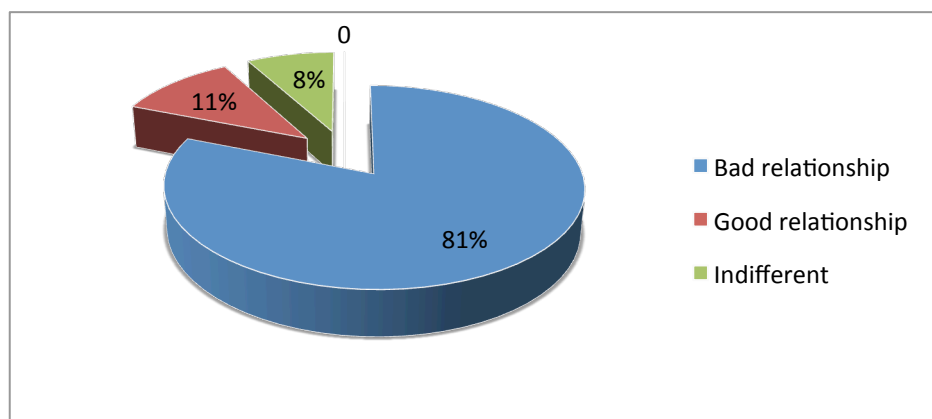


Figure 4: Working relations

When respondents were confronted on the cordiality of their relationship with permanent employees; 81% of them agree that they do not have good relationship, as hostility and animosity seems to characterise the work environment within teams. Only 11% attest to having good relationships, with 8% stating that they cannot be bothered.

Okafor (2007) suggests that an internally segmented workforce is to the employer's advantage given the industrial and natural context. The fear among employers in the Nigerian oil industry is the instability that may be caused by collective action of employees united in purpose to push for better employment terms and conditions. For example, it was revealed in this study that only core employees are allowed to be represented by unions. A peripheral employee's contract, a copy of which I reviewed, explicitly precludes them from taking part in any union activity. This is also a core issue that has been campaigned against by both the NUPENG and the PENGASSAN. As a result of union pressure, contract staff are now allowed to join 'staff associations', which have no real bargaining power when it comes to terms and conditions of employment. Kleinknecht (2014) and Serrano (2014) found out that flexibility within the labour process poses serious implications for collective bargaining. Segmentation produces vulnerable groups of workers who suffer inferior terms and conditions of employment and have no voice or medium to influence management. The fact that the management of the MNCs have overtly made obvious the dichotomy between the tenure staff and the contract staff have increased mounting tension between the two groups of workers. One of the contract staff in the Information Technology department mentioned that:

'It is not uncommon to find out that there is cold war within our rank and file. We know they don't like us, and we also don't really like them, especially some of them that see this place as their birth-right. It is sad because I believe there shouldn't be "them and us" when we are all supposed to be working for the same goal.'

Another participant in the Security Unit claimed that:

'You know fighting in an organisation premises is considered to be a gross misconduct act, but I will be honest with you, I have been so frustrated by some of them that I feel like punching them. That's why when I have a social function, I don't invite them, I only invite my fellow contract staff, they are the ones I can trust and discuss freely with.'

There is a consensus among workers, union officials and scholars that the pursuit of a large secondary workforce via precarious employment contracts for reasons of profit or control has come with a cost (Kallerberg, 2011). Non-cordial relations at work have been an issue that has come with the high use of insecure workers (Hastings, 2012). Clearly, a major area of concern in organisational development is the dysfunctional conflict that exists between groups. Intergroup development seeks to change the attitudes, stereotypes, and perceptions that groups have of each other (Jackson, 2002).

There is a need for management to know that since contract staff can sometimes help employers to benchmark and improve their practices, they (contract staff) are perceived as a potential threat by the permanent staff. This is in line with the survey conducted in the US where 33% of full-time employees perceive the temporary staff as a threat to their own job security (Procter and Ackroyd, 2006). In attempting to convince permanent workers that they are valued and not about to be replaced by contract workers, the organisation must not create a perception that contract workers are second class organisational citizens. Thus, the organisation should treat the contract workers the same way it treats permanent workers.

DISCUSSION

Oil and gas unions have stepped up efforts to advocate the enforcement of laws on labour contracting. They have also become more aggressive in organising contract workers. Since many contract workers in the oil and gas industry work alongside union colleagues, increased

hostility and tension were found in the course of this study. The two unions - the NUPENG and the PENGASSAN, claimed to have begun monitoring their employment terms (NUPENG bulletin, 2012). According to the law, if 50% or more of non-union employees ask to join NUPENG or PENGASSAN, the unions can then set up a committee to begin negotiations with the employer (Ariweriokuma, 2009). This study found that this has not really happened as the process often gets bogged down in legal details. The MNCs often shift bargaining responsibility from one sub-contractor to another, delay negotiations, try to pit unions against one another, or even resort to physical attacks (Agomo, 2012). However, unions are increasingly willing to “go to the mat” on the issue of freedom of association for contract workers.

Until the cause of workers’ rights is fought among and for a broader audience, oil workers in Nigeria will continue to find themselves isolated in their attempts to counter the degradation of work. Observations that are commonly made are attributed to the following instances: where employers cannot see contract employees as co-pilots in the quest for the attainment of organisational objectives; where employers do not believe that what it wants and what contract employees want are identical and harmonisable; where employers see contract employees only as the cost of production which must be eliminated wherever possible; where employers allow contract employees (“rank and file”) to see fear, distrust, suspicion, insecurity and the love of secrecy as a norm in the organisation; where employers are afraid of losing their prerogative if it gets contract employees involved in the solution to organisational challenges; where employers feel insecure if contract employees have excellent knowledge of the organisation issues, and could offer exceptional solutions; where employers naïvely believe that there are certain facts about the organisation that the contract employees do not need to know; and where employers do not factor contract employee’s concerns as an organisation concern (Fajana, 2011 and ILO, 2016).

On the other hand, the employees need to change their mentality and orientation about their employer being responsible for the challenges confronting the Nigerian economy. The MNCs should be appreciated as investors with clear objectives to maximise profit. They should be encouraged and appreciated as job creators, and it should be understood that they cannot solve all of the economic problems of the country (Mordi and Mmieh, 2009 and Ajayi, 2011). The contract employees must understand that their contract terms and conditions are unequivocal in most cases and it should be clearly spelt out what their working terms and conditions are; all of which they should accept. Thus, an attempt to change the rules in the middle of the game will not be in the interest of anyone. They should, therefore, stop claiming marginalisation and discrimination, when they are aware of the terms from the onset.

CONCLUSION

As corporate use of labour contracting business model increases, its potential to deepen the divide between workers and communities becomes more corrosive. Oil unions will no doubt continue their aggressive efforts to stop labour contracting through collective action. But the most complex challenge for these unions is to turn the battle against labour contracting into a movement for redeeming the original promise of meeting members’ expectations. How the oil unions go about this remains to be seen, but it is clear that their efforts to counter labour contracting are directly tied to their long-term capacity to bring social change in the country.

Success will largely be measured by the oil unions’ ability to ensure that new oil sector jobs have better career mobility, training and development, job satisfaction and improved working relationship among colleagues. The rule of law should be advanced, not only by promoting labour law enforcement, but also by helping communities hold government leaders accountable, by using their broad political strength to bridge the economic gap between those

on the inside of Nigeria's oil economy and the many clamouring for work on the outside, by calling for higher wages and the freedom to join trade unions.

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