

Factors Determining Flexible Labour Employment Practice in the Nigerian Construction Industry

¹Dawam J. D, ²Abimbola k, ³Ikupolati a. O

^{1&2}Department of Building,

³Department of Quantity Surveying

^{1,2&3}College of Environmental Studies,
Kaduna Polytechnic, Kaduna, Nigeria.

Abstract

Employment practices in the construction industry had changed dramatically in the past two or three decades from a stable and permanent employment towards flexible arrangements. The aim of the study is to examine the factors determining flexible labour employment practice in the Nigerian construction industry. Specifically, the study seeks to examine the contextual factors responsible for the practice of flexible labour employment and examine industry characteristics responsible for flexible labour employment practice in the Nigerian construction industry. Twenty five (25) construction firms, registered with the Corporate Affairs Commission and operating in Kaduna and Abuja were considered. Industry professionals, skilled workers and the manager of each firm were interviewed using the questionnaire instrument. The responses of this study sample were analysed using descriptive statistics and analysis of variance. The study revealed that both contextual factors and industry characteristics determine the practice of flexible labour employment. The study recommends an appropriate legislation to address the situation.

Keywords: *Construction Industry, Flexible Employment and Practice.*

Background to the Study

In Nigeria the industry plays an important role in combating the high levels of unemployment by absorbing surplus labour from both the cities and rural areas accounting for over 4% of total employed work force in the economy (Central Bank of Nigeria) (CBN, 2008). Against this background however, the image of the construction industry has suffered, not least, in the eyes of its potential labour force and the public in recent times, particularly in the developed countries. In many developed countries of the world, work in construction is not regarded as “decent work” but dirty difficult and dangerous (International Labour Organisation) (ILO, 2001, p. 24) and a low status job. In Malaysia, for example, local youth would rather be unemployed than work in the construction industry. A similar situation is found in some developed countries where construction work has for many years been undertaken largely by immigrants. The United States is facing the same difficulty of getting new young entrants into the industry to replace the ageing workforce despite the wage advantage that construction workers have traditionally enjoyed over other industries (ILO, 2005).

According to the International Labour Organisation (ILO, 2001), the real reason why construction work is so poorly regarded has much more to do with the terms on which labour is recruited than the nature of the work itself. The flexible or alternative labour employment practice, otherwise called nonstandard employment, such as labour contracting, labour hiring, casualisation e.t.c, which now have predominated around most countries of the world, particularly in Nigeria leave employees at the mercy of labour agents, subcontractors and other intermediaries who become the most important means by which labour is recruited to the construction industry.

Statement of the Problem

In a capitalist economy built around profit maximisation, efforts are made by the employers to minimize cost of production while maximising profits. In such capitalist societies the human capital becomes a critical ingredient. Labour is considered as a major cost of production; hence it is an appropriate strategy for cost reduction to keep it as low as possible to maximise profit (Okafor, 2010). In developing countries like Nigeria which is faced with problems of acute labour unemployment and accompanying poverty the ultimate goal of most organizations is to take advantage of the situation and keep cost of labour as low as possible. This scenario is responsible for the scourge of flexible labour employment practice by organizations (Fapohunda and Tinuke, 2012) and more especially so for the construction industry which is a labour intensive endeavour. ILO. (2001) noted that the trend has adverse effects on the industry's potential labour and implications on the image of the construction industry in terms of productivity, quality of construction, occupational health and safety and skills formation.

Objectives of the Study

The aim of the study is to examine the factors determining flexible labour employment practice in the Nigerian construction industry.

Specific Objectives

- i) To examine the contextual factors responsible for flexible labour employment practice in the Nigerian construction industry.
- ii) To examine industry characteristics responsible for flexible labour employment practice in the Nigerian construction industry.

Research Hypotheses

H₀₁: The contextual factors do not differ significantly in determining flexible labour employment practice in the Nigerian construction industry.

H₀₂: The industry characteristics do not differ significantly in determining flexible labour employment practice in the Nigerian construction industry.

Factors Determining Flexible Labour Employment Practice

Contextual Factors:

In almost every business there is interplay between the business entity and other economic factors that surround it. Very often these factors determine the way in which the organization runs its business either consciously or unconsciously. The contextual factors considered to influence the construction organizations in Nigeria to practice flexible labour employment are discussed under the categories of; global competitiveness, changing technology, changes in operating environment and employees' quest for flexibility.

Competitiveness is a multidimensional concept. It can be looked at from three different levels: country, industry and organizational level. Popular perspectives on competitiveness at the firm level, as reviewed by Ambastha and Momaya. (2004, p. 24), are those postulated by authors like Bartlett and Ghoshal, (1989), Doz and Prahalad, (1987); Hamel and Prahalad. (1989, 1990). Here, competitiveness is viewed with the competency approach. They emphasise the role of factors internal to the firms such as firm strategy, structures, competencies and capabilities to innovate or adjust to their competitive environment for their competitive success. At the firm level, the theories have little relevance to help practitioners who use them for prediction of success or otherwise because of their low flexibility. However, systematic frameworks such as World Competitive Yearbook (WCY), Global Competitiveness Report (GCR) and National Competitiveness Report (NCR), at the country level are examples of useful tools that have been developed through research to predict business performances or efficiencies (Alberta Labour Relations Board, 2011) and Ambastha, and Momaya, (2004).

A look at the Global Competitiveness Report for 2011–2012 presented by the World Economic Forum, a document that attempts to measure global competitiveness index as a means of evaluating the performances of some selected countries of the world in different sectors of the economy places Nigeria at 127th position in the overall index among the 142 economies of the world under consideration, with Switzerland and Singapore coming 1st and 2nd, while Cameroon and Ghana ranking 116th and 114th respectively (Center for Global Competitiveness and Performance, 2011, p. 17).

With competitiveness pressures accompanying globalization, producers come under increasing pressure to reduce costs, so they in turn put pressure on the construction industry. The construction industry, in conformity with these global trends, has embraced the flexible labour employment practices. The rapid changing technology has greatly shaped the construction industry and impacted on the way construction work is carried out. Wolff, (2005), noted that the application of computer and chip technology, in particular Computer Aided Drafting and Design (CADD), Global Positioning Systems (GPS) and the use of remote sensing technology, e.g. remote cameras and the use of satellites as highly accurate surveying tools have transformed the construction profession from a labour intensive to a capital intensive field. Other technologies and concepts in information, communication and computational technologies, are continuing rapid advances that have reduced the dependence on labour, hence the option for flexible employment practices.

Another key factor for the substantial increase in flexible labour employment practices, according to Fapohunda et al (2012) and Okafor and Emeka (2012) is the high level of unemployment and abundance or excess supply of labour. The National Bureau of Statistics (NBS) (2009) defines unemployment as the availability of people or citizens of a country who are willing and are able to make available, at any given point in time, their efforts for gainful employment in excess of the available employment opportunities. It also revealed that the National unemployment rates for Nigeria from 2000 to 2009 ranged between 31% and 20% (Emeka et al, 2012).

Industry Characteristics

The construction industry, according to The American Research Council, (2014), is fundamentally different from other industries by its organization and products, its stakeholders, its projects, its processes, and its operating environment. Industry characteristics considered, for the purpose of this study, are corporate restructuring, structure of the construction industry, nature of construction projects and its environment as some of the measurable variables that determine the practice of

flexible labour employment in the Nigerian construction industry. The practice of labour employment flexibility is tied to the corporate restructuring in many sectors of the economy. The trend is for companies to concentrate on their core business combined with the administrative ease associated with flexible labour arrangement; and strategies to improve their products so as to maintain market share (American National Labour and Economic Development Institute) (2006). The construction industry is a highly stratified industry made up of small business. It is a high risk and complex endeavour and a labour intensive industry. A construction project, for example, is made up of discrete work elements requiring varied skills, stakeholders, materials and technology at different time. A project may take months or years. During this time, groups of trade's people come and go from the job site as their skills are needed and depending on the stage or programme of work. This differs from most industrial sites where a constant group of employees work together over a longer period of time. All these correlate to the practice of flexible labour employment in the industry.

Theoretical Context of Flexible Labour Employment Relationships

Conceptually, Massie (1958) defined flexibility as a response of one or more variables to a change in one or more related variables. It could be viewed as freedom to change under a given condition. When applied to management, it is the responsiveness of managerial plants and actions to change in the environment.

The increase in the practice of flexible labour employment can be linked to the theory of neo-liberalism. Emeka et al (2012) asserted that the concept of neo-liberalism is the desire to intensify and expand the market, by increasing the number, frequency, repeatability, and formalisation of transactions. A neo-liberal model pursues policies that aim at reducing cost and maximize benefits in the competitive socio-economic environment, thus the concept is capitalist in orientation.

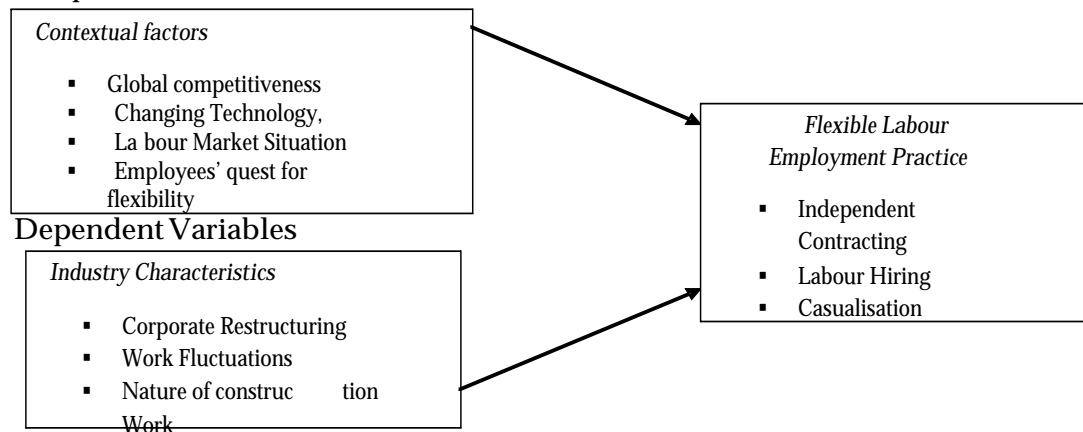
At the country level, it sees a nation as a business entity, therefore seeks public sector to divorce itself from some economic functions and transfer them to the private sector. The theory believes that while this allows government to efficiently concentrate on governance there will also be an improvement in the economic indicators of the nation. At the industry or organizational level according to Emeka et al, (2012) in Hall, (1988) and Roperan, Ganesh and Inkson, (2010), neoliberalism believes staunchly on the freedom of individual contract freedom, the right to choose a person's contracting parties and to trade or work with them on any terms and conditions the person sees fit. Organisations operating in a typical neo-liberal economic environment may prefer flexible labour employment arrangement which in effect allows them the flexibility to review the terms of engagement depending on

the dynamism of labour market and competitive nature of socio-economic environment. In Nigeria this situation applies but it always leaves the employees in a precarious condition since flexibility is an issue of survival and not a matter of choice as it is obtainable in the developed economies.

Research Framework

Figure 1 shows the variables, namely, contextual factors and industry characteristics that determine flexible employment practices which are labour hiring, independent labour contracting and casualisation;

Figure 1: Conceptual Framework
Independent Variables



Research Methodology

Primary data was gathered through survey research technique. The questionnaire was divided into two sections; one section looked at industry details, such as, nature of construction work undertaken by employer, role of employee and employment relationship that subsist between employee and employer. The second section collected information on factors determining employment flexibility while the structured questions served as a guide. The population of the study is all construction organizations employing up to 25 workers, operating in Abuja and Kaduna and registered with the Corporate Affairs Commission. A sample size of twenty five firms was considered. A total of three hundred (300) questionnaires were administered to technical and skilled labour in different trade sections of each firm but two hundred and thirty six (236) were returned, showing a response rate of seventy two percent (72%). In this case, a Likert rating scale of 1-4 was chosen where '1' represents the lowest effect level and '4' represents the highest effect level. Response from the study sample was analysed using descriptive statistics and analysis of variance (ANOVA).

DATA ANALYSIS
Descriptive Statistics

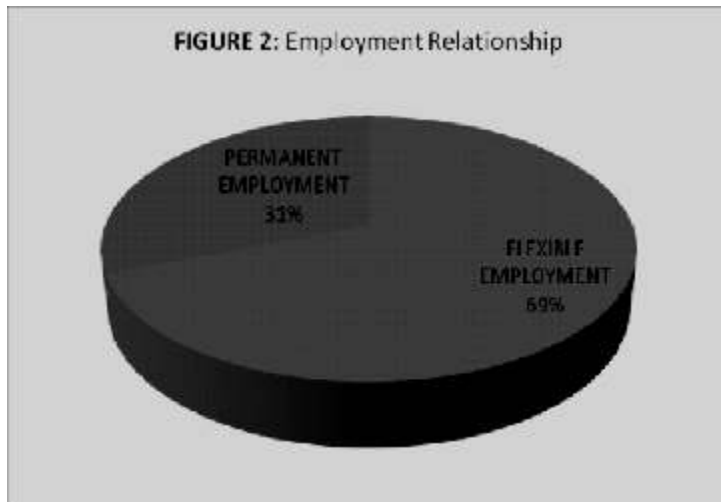


Figure 2 shows that out of the 236 respondents (technical and skilled labour) 69% are on Flexible employment terms, while 31% are on permanent employment who are likely to be the management and some technical staff.



Out of the 69% of respondents that are into flexible employment arrangement 48% are casual workers while 25% and 23% are labour hire and independent labour contractor respectively.

Table 1: Descriptive

Contextual Factors

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
GLOBAL COMPETITIVENESS PRESURES	4	59.0000	24.72516	12.36258	19.6568	98.3432	31.00	84.00
FAST CHANGING TECHNOLOGY	4	59.0000	33.64521	16.82260	5.4630	112.5370	18.00	96.00
NIGERIAN LABOUR MARKET SITUATION	4	59.0000	80.08745	40.04373	-68.4370	186.4370	.00	174.00
EMPLOYEE'S CHOICE FOR FLEXIBILITY	4	59.0000	33.74414	16.87207	5.3056	112.6944	17.00	95.00
Total	16	59.0000	43.11844	10.77961	36.0238	81.9762	.00	174.00

This is a descriptive statistics showing the mean and standard deviation of the variables. The variability of the contextual factors follows a normal distribution.

Table 2: Descriptive

Industry Characteristics

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
CORPERATE RESTRUCRING TO REDUCE COST	4	59.0000	83.04617	41.52309	-73.1450	191.1450	.00	182.00
STRUCTURE OF THE CONSTRUCTION INDUSTRY	4	59.0000	36.53309	18.26655	.8677	117.1323	20.00	94.00
STRATEGY BY CONSTRUCTION FIRMS TO MEET WORK	4	59.0000	74.81978	37.40989	-60.0550	178.0550	2.00	163.00
FLUCTUATION COMPLEX NATURE OF CONSTRUCTION PROJECT	4	59.0000	32.87349	16.43675	6.6909	111.3091	14.00	93.00
HARSH NATURE OF CONSTRUCTION WORK ENVIRONMENT	4	59.0000	64.08848	32.04424	-42.9791	160.9791	15.00	154.00
Total	20	59.0000	54.79723	12.25303	33.3541	84.6459	.00	182.00

Similarly, this is a descriptive statistics showing the mean and standard deviation of the industry characteristics variables. The variability of the industry characteristics follows a normal distribution.

Analysis of Variance (ANOVA)

This test was carried out using the Statistical Package for Social Sciences (SPSS) software, version 20.

Assumption

In Analysis of variance it is assumed that all the variables come from a normal distribution and have equal variance.

Table 3: Oneway Anova for Contextual Factors
Contextual Factors

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	3	.000	.000	1.000
Within Groups	27888.000	12	2324.000		
Total	27888.000	15			

From the table above H_0 for the contextual factors is not rejected since α value = 0.05 is less than the P-value=1.00. Thus all the contextual factors equally determine the practice of flexible labour employment arrangements.

Table 4: Oneway Anova for Industry Characteristics

Industry Characteristics

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	4	.000	.000	1.000
Within Groups	57052.000	15	3803.467		
Total	57052.000	19			

Similarly, from table 5, H_0 for the industry characteristics is not rejected since α = 0.05 is less than the P-value=1.00. Thus all the industry characteristics factors equally determine the practice of flexible labour arrangements.

Table 5: Multiple Comparisons, Post-Hoc Test

Variables: Contextual Factors						
Tukey Hsd Honesty Significant Difference						
(I) LEVEL OF AGREEMENT	(J) LEVEL OF AGREEMENT	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
GLOBAL COMPETIVENESS PRESURES	FAST CHANGING TECHNOLOGY	.00000	34.08812	1.000	-101.2043	101.2043
	NIGERIAN LABOUR MARKET SITUATION	.00000	34.08812	1.000	-101.2043	101.2043
	EMPLOYEE'S CHOICE FOR FLEXIBILITY	.00000	34.08812	1.000	-101.2043	101.2043
FAST CHANGING TECHNOLOGY	GLOBAL COMPETIVENESS PRESURES	.00000	34.08812	1.000	-101.2043	101.2043
	NIGERIAN LABOUR MZRKET SITUATION	.00000	34.08812	1.000	-101.2043	101.2043
	EMPLOYEE'S CHOICE FOR FLEXIBILITY	.00000	34.08812	1.000	-101.2043	101.2043
NIGERIAN LABOUR MARKET SITUATION	GLOBAL COMPETIVENESS PRESURES	.00000	34.08812	1.000	-101.2043	101.2043
	FAST CHANGING TECHNOLOGY	.00000	34.08812	1.000	-101.2043	101.2043
	EMPLOYEE'S CHOICE FOR FLEXIBILITY	.00000	34.08812	1.000	-101.2043	101.2043
EMPLOYEE'S CHOICE FOR FLEXIBILITY	GLOBAL COMPETIVENESS PRESURES	.00000	34.08812	1.000	-101.2043	101.2043
	FAST CHANGING TECHNOLOGY	.00000	34.08812	1.000	-101.2043	101.2043
	NIGERIAN LABOUR MZRKET SITUATION	.00000	34.08812	1.000	-101.2043	101.2043

The Post-Hoc Test affirms that contextual factors all determine equally the practice of flexible labour employment, showing a P-Value of 1.00 indicated in the significant level column.

Table 6: Multiple Comparisons, Post-Hoc Test

Variable: Industry Characteristics						
Tukey Hsd						
(I) LEVEL OF AGREEMENT	(J) LEVEL OF AGREEMENT	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
CORPORATE RESTRUCTURE TO REDUCE COST	STRUCTURE OF THE CONSTRUCTION INDUSTRY	.00000	43.60887	1.000	-134.6609	134.6609
	STRATEGY BY CONSTRUCTION FIRMS TO MEET WORK FLUCTUATION	.00000	43.60887	1.000	-134.6609	134.6609
	COMPLEX NATURE OF CONSTRUCTION PROJECTS	.00000	43.60887	1.000	-134.6609	134.6609
	HARSH NATURE OF CONSTRUCTION WORK ENVIRONMENT	.00000	43.60887	1.000	-134.6609	134.6609
STRUCTURE OF THE CONSTRUCTION INDUSTRY	CORPORATE RESTRUCTURING TO REDUCE COST	.00000	43.60887	1.000	-134.6609	134.6609
	STRATEGY BY CONSTRUCTION FIRMS TO MEET WORK FLUCTUATION	.00000	43.60887	1.000	-134.6609	134.6609
	COMPLEX NATURE OF CONSTRUCTION PROJECT	.00000	43.60887	1.000	-134.6609	134.6609
	HARSH NATURE OF CONSTRUCTION WORK ENVIRONMENT	.00000	43.60887	1.000	-134.6609	134.6609
STRATEGY BY CONSTRUCTION FIRMS TO MEET WORK FLUCTUATION	CORPORATE RESTRUCTURING TO REDUCE COST	.00000	43.60887	1.000	-134.6609	134.6609
	STRUCTURE OF THE CONSTRUCTION INDUSTRY	.00000	43.60887	1.000	-134.6609	134.6609
	COMPLEX NATURE OF CONSTRUCTION PROJECT	.00000	43.60887	1.000	-134.6609	134.6609
	HARSH NATURE OF CONSTRUCTION WORK ENVIRONMENT	.00000	43.60887	1.000	-134.6609	134.6609
COMPLEX NATURE OF CONSTRUCTION PROJECT	CORPORATE RESTRUCTURING TO REDUCE COST	.00000	43.60887	1.000	-134.6609	134.6609
	STRUCTURE OF THE CONSTRUCTION INDUSTRY	.00000	43.60887	1.000	-134.6609	134.6609
	STRATEGY BY CONSTRUCTION FIRMS TO MEET WORK FLUCTUATION	.00000	43.60887	1.000	-134.6609	134.6609
	HARSH NATURE OF CONSTRUCTION WORK ENVIRONMENT	.00000	43.60887	1.000	-134.6609	134.6609

HARSH NATURE OF CONSTRUCTION WORK ENVIRONMENT	CORPORATE RESTRUCTURING TO REDUCE COST	.00000	43.60887	1.000	-134.6609	134.6609
	STRUCTURE OF THE CONSTRUCTION INDUSTRY	.00000	43.60887	1.000	-134.6609	134.6609
	STRATEGY BY CONSTRUCTION FIRMS TO MEET WORK FLUCTUATION	.00000	43.60887	1.000	-134.6609	134.6609
	COMPLEX NATURE OF CONSTRUCTION PROJECT	.00000	43.60887	1.000	-134.6609	134.6609

Similarly the Post-Hoc Test affirms that all the industry characteristics make equal contribution to the determination of flexible labour employment practice, showing a P-Value of 1.00.

Discussion

Results obtained from the descriptive and analysis of variance show that both contextual factors and industry characteristics determine the practice of flexible labour employment in the Nigerian construction industry. While it is possible for industry to give concentration to some industry characteristics within its limit, it may not have control over contextual factors to achieve a better employment practice such as a decent permanent employment relationship. By this implication the flexible employment practice has come to stay in the Nigerian construction industry in response to global changes. The best to be done is a proper legislation and a strong union to be put in place to protect the rights of construction stakeholders, especially the employees who are often left at the mercy of the exploitative employers.

Conclusion

Both contextual factors and industry characteristics significantly determine flexible labour employment practice in the Nigerian construction industry. This practice has come to stay since there seems to be no control over these factors. More so, Nigeria being a capitalist economy and where labour is critical in cost of production efforts are made by the employers to minimize cost of labour through flexible employment arrangements, while maximising profits.

Recommendations

From the findings of the study the following are recommended,

- i) The flexible labour employees should form a union to fight and protect the rights of its members.
- ii) The study recommends a tripartite collaborative initiative by the labour union, employer and government for collective bargaining.

References

- Alberta Labour Relations Board, (2011). "Improving Alberta Competitiveness Position Through Improved Labour Relations Legislation Affecting the Construction Industry." A Report by The Construction Competitiveness Coalition, <http://www.afl.org/index.php/Download-ocument/444-201>. Retrieved, July, 2014.
- Ambastha, A & Momaya, K. (2004). "Competitiveness of Firms: Review of Theory." Frame works, and Models, Singapore Management Review, Volume 26, No 1.
- Arashpour, M. & Arashpour, M, (2011). "Gaining the Best Value of HR in Construction Companies." www.iiom.org/ieom2011/pdfs/IEOM128.pdf. Retrieved, July, 2014
- Australia Industry Group, (2005). "Independent Contracting and Labour Hire Arrangements." [Www.aigroup.com.au/portal/binary/com](http://www.aigroup.com.au/portal/binary/com). Retrieved, July, 2014.
- Center for Global Competitiveness and Performance. (2011). "The Global Competitiveness Report." World Economic Forum, Geneva, Switzerland.
- Fapohunda, T. M. (2012). "Employment Capsulization & Degradation of Work in Nigeria." International Journal of Business and Social Science, Vol. 3 No. 9; May 2012.
- International Labour Organization, (ILO). (2005). "Flexibility in Workplaces: Effects on Workers, Work Environment and the Unions." [Www.ilo.org/public/english/iira/documents/publications/flexibility.pf](http://www.ilo.org/public/english/iira/documents/publications/flexibility.pf).
- National Bureau of Statistics, (NBS). (2009). "Social Statistics in Nigeria." Abuja: The NBS Publication.
- National Labour and Economic Development Institute. (2006). "The Extent and Effects of Casualisation in Southern Africa." Analysis of Lesotho, Mozambique, South Africa, Swaziland, Zambia & Zimbabwe, Research Report for the Danish Federation of Workers, www.naledi.org.za/.../the-extent-and-effects-of-casualisation-in-southern-africa. Retrieved, July, 2014.

- Okafor, E. E. (2012) "Nonstandard Employment Relations & Implications for Decent Work Deficits in Nigeria African Research Review." An International Multidisciplinary Journal, Ethiopia, Vol. 6 (3), Serial No. 26, <http://dx.doi.org/10.4314/afrev.v6i3.7>.
- Okafor, E. E. (2010). "Sociological Investigation of the Use of Casual Workers in Selected Asian Firms in Lagos, Nigeria. Ibadan Journal of the Social Sciences. Vol. 8. No. 1 pp. 49- 64 .
- United States National Research Council. (2014). "Advancing the Competitiveness & Efficiency of the U.S Construction Industry." Washington, D.C : The National Academies Press,. www.nap.edu. Retrieved, July, 2014
- Wolff, D. M. (2005). "The Impact of Globalization on the Built Environment." Course notes <http://web.mit.edu/1.463/www/notes.html>. Retrieved, July, 2009.