

The Effect of Outsourcing on Employment in Developing Countries (Case of Nigeria Banks)

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Submitted to the
Institute of Graduate Studies and Research
in partial fulfillment of the requirements for the Degree of

Master
of
Business Administration

Eastern Mediterranean University
February 2015
Gazimağusa, North Cyprus

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ABSTRACT

This thesis is an evaluation of the outsourcing practice and employment relations in the Banking Industry. The employment relations and organizational performance have been the study in this project.

Descriptive method research has been used in this study. The questionnaire distributed in the survey was a modified version of Hewitt's Human Resource outsourcing Survey Questionnaire.

The outcome of the analyses indicates that: the management of Banks engages in unacceptable labor practices that deprive workers of their conditions of services.

By just shifting the human resource management to a third party will not guarantee the improve labor management relationships, performance of the employee are greatly affected by outsourcing in Nigeria. Positive relationship exists between employment relations and organizational performance etc.

Recommendations made are that the Banks management: have to stop the unfair labor practices they do. The employees on contract working conditions must be improved and attention should be fostering employment mutual relations by making sure that all the human resource policies especially outsourcing are not counterproductive.

Keywords: Outsourcing, Employment Relation.

ÖZ

Bu çalışmanın amacı bankacılık sektöründe dış kaynak kullanımı (outsourcing) uygulamasını incelemek ve çalışan ile ilişkilendirmektir. Çalışmamızda işletmenin performansı ile çalışan ilişkileri incelenmiştir.

Araştırma yöntemi olarak çalışmamızda “tanımsal yöntem” kullanılmıştır. Literatür taraması sonucunda oluşan anketimiz Nijerya’daki beş büyük bankaya uygulanmıştır.

Çalışmanın sonucunda araştırmada yer alan bankaların dışarıdan hizmet satın alma yöntemi ile bu amaç ile çalışanların birçok haktan mahrum edildikleri ortaya çıkmıştır. İnsan kaynaklarını üçüncü bir kuruluşa devretmek, çalışan ilişkilerini olumlu etkilemeyecektir.

Banka yönetimlerine yapılacak tavsiyede haksız çalışan uygulamalarına son vermeleri, kontrata bağlı çalışanların çalışma koşullarının iyileştirilmesi gerekecektir. Bunun yanında diğer bir sonuç ise çalışanların kariyer gelişimine de katkı yapılması yönünde olacaktır.

Anahtar Kelimeler: Dışarıdan hizmet, çalışan performans

DEDICATION

This complete thesis is dedicated to my entire Family and Friends.

ACKNOWLEDGMENT

All praise to Almighty Allah for giving me the opportunity and good Health to study my Master's Degree.

My unquantifiable gratitude goes to my Supervisor and Department Chair, Assoc. Prof. Dr. Mustafa Tümer who gave me all the guide and support I needed in my entire studies in the Department and all the Faculty staff and department of Business Administration who impacted positively in my live by giving me Knowledge.

I will never forget all the friends too numerous to list, that I met on this Island I say thank you all.

To my family I say thanks to you all for your understanding, and support both morally and financially.

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Chapter 1

INTRODUCTION

1.1 Background of the Study

Nigeria is the most populous black African country with a population of over one hundred and seventy (170) million made up of over two hundred and fifty (250) ethnic groups according to National population commission NPC, (2006).

Majority of this population is in abject poverty with the entire natural and human resources the country have, due to lack of good leadership which brought about corruption and unemployment. The level of unemployment is a major indicator of the economic activity as seen in the labor market. Unemployed is defined as a member of the economic active society without a job but ready and looking for work. People who lost their jobs or who voluntarily left work are also included. fadayomi (1992), Osinubi (2006) sees unemployment as non-utilization of the nation's manpower especially in the rural areas.

Record shows that unemployment rate increased from 21.4 percent in 2010 to 23.9 per cent in 2011 (CBN, 2011), This was largely attributed to the increased university graduates with no matching job for them in both the private and public sectors, after the capital market crash there was a lot of job lost in the banking industry. The problem of unemployment rate in Nigeria has become a serious problem confronting the Nigerian economy and reason behind the insecurity in recent years. The none

availability of jobs is strongly associated with corruption, new technology, competitions within and from foreign companies, and the factor of outsourcing of production and service widely practiced by most organizations.

Due to globalization competition among companies both domestic and international has shifted them from the traditional method of doing business to Outsourcing with the aim of improvement and profit maximization (Richtner and Rognes, 2013; Richtner and Rognes,2013;).

Though outsourcing has continued to be accepted by many organizations, its success is not recorded by all. While some may have benefited from it some have not, instead they experienced setbacks.

The process by which goods and services that an organization previously produces are now given to outside providers is known as Outsourcing. Zappala (2000) sees it as the process of transferring some operation to outside provider as a contract. He went further to say by doing so companies will concentrate on the part they have competitive advantage and give out the areas they have less to firms that has competitive advantage.

Outsourcing and off sourcing have differences, while off sourcing has to do with transferring of company's productions processes to another country on the other hand out sourcing is company giving out the processes to either a domestic of international company to do for them.

Some services like auditing, security and delivery services, among others have always been carried out by external providers (Gachunga and Munyaka, 2013). Yeboah (2013)

discovered that even when outsourcing helps organizations concentrate on their core business, at the same time make the company lose the value of their competitive advantages.

Though a lot of advantages and organizational benefits of outsourcing have been mentioned in the literature, its negative effects is affecting many workers in so many organizations in Nigeria, and is seen as becoming a major problem in few years to come.

The effect of outsourcing is causing people to lose their jobs in all sectors of the economy worldwide.

Even though outsourcing is a global phenomenon some contracting firms made some harsh conditions in their contracts that violate the rights of the workers which is not accepted internationally.

A low labor regulating country like Nigeria, defiantly workers will be affected by this trend; further more outsourcing also affects workers commitment to their job and their performance (Camilleri, 2002).

1.2 Problem of Study

The principal reason for outsourcing is to gain a win- win by all, according to the set down concepts. But this is not achieved with ways companies not been insensitive to the welfare of the outsourced workers, which demoralize them and affect their performances.

The Aim of outsourcing as seen by Zappala (2000) the motive is said to be achieved when there is an improvement in the employees relationship as result of shifting their responsibility to a third party. Rosheen and Hummayoun (2013) argue that human resource outsourcing will have a negative effect on the human resource because the contracting agencies are not familiar with the organizational practices and culture, and will not have the commitment and loyalty of the employees.

The negativity effects of outsourcing on employment relations of recent have attracted so much criticism by public in Nigeria, due to increasing unemployment growth (Ogunrinola and Osabuohien, (2010). There is a majority view by the public that outsourcing is a threat to job security.

The strategic advantages of outsourcing for financial benefits to organization have been expressed in many literature, but very little attention have been given to the employment relationship and out sourcing in the Developing countries.

So we see a need to look into the problems and try to bridge the gap, which is the main reason of this thesis. It will also look at ways to enhanced employment relationship through outsourcing.

1.3 Aims and Objectives

The main aim of this study is to highlight the effect of outsourcing on employment relations in Nigeria.

The objectives can be listed as:

- 1) Examine how outsourcing influences on labor-management relations.

- 2) Look in to the negative effect on workers commitment and output in an organization in relation to Outsourcing.
- 3) To measure the benefits of employment relations and performance in an organization.

1.4 Questions for Research

The questions to guide this research are:

- 1) Is there any association between outsourcing and labor-management?
- 2) What is the association of outsourcing and the performances of workers in Nigeria?
- 3) What are the roles employments relations do to improve organizational performance?

1.5 Hypotheses Statement

The research hypotheses for testing of the study are:

- 1) There is no positive association between Outsourcing and the labor-management in Nigeria.
- 2) There is no positive association between Outsourcing and performance of workers in Nigeria.
- 3) No positive association between the organizational performance and employment relations.

1.6 The Study Significance

Though outsourcing has continued to be an accepted strategy by many organizations, its impact on employment relation is very little. Researchers have given the impact on employment a little attention even with the rising fear of job loss associated with the phenomenon. Rather they give more attention to addressing related labor market issues, given this issue less empirical strong evidence for debate.

Management policies and programs need to be accepted and followed by all employees for those policies to be successful for the overall achievement of the organizational goals.

So we can say the attitude of the workers determines the success of any organization. There is a serious need to understand the effect of outsourcing on the workers commitment and performance.

This study's findings are mainly in the Banking industry. But never the less the idea can be transferred to other sectors of the economy for organizations to successfully implement outsourcing and still maintain its workers commitment and performance. And for other employers to adjust their dealings with their employees in accordance with internationally acceptable way.

1.7 The Scope of Study

How outsourcing affects employment relationships in Nigeria will be the study scope. Research will be done on the impact of outsourcing on labor-management relations and workers performance in the Nigerian banking sector.

Banking sector as the case study of this research was chosen due to the various complains and petition on their conducts in Nigeria.

This study will gather opinions on the subject issue and to find out effects of outsourcing on employment relations in Nigeria Banking industry.

1.8 Definitions of Key Terms

- i. Outsourcing: This is a bilateral relationship between two firms and a partnership in which one partner undertakes duties contracted between the firms to produce goods or services that fit the firm's particular needs.
- ii. Offshoring: The relocation by a company of its business from one country to another.
- iii. Employment relations: the legal link that exists between employer and employees with defined conditions to perform some duties by the employees and get paid by the employer.
- iv. Organizational commitment: The attitude that shows the strength of involvement between an employer and organization he works for.

Chapter 2

LITERATURE REVIEW

2.1 Preface

This chapter considers the current literature that deals with the relationship between outsourcing and employment relations and other related issues. Although, many of the studies reviewed in this chapter did not address the Nigerian banking Industry directly, their findings are considered applicable to the performance of workers in the Nigerian banking Industry. Importantly, the studies discussed in this chapter represent only a small subset of the studies conducted on the relationship between outsourcing and employment relations and were chosen to be illustrative rather than comprehensive.

The literature reviews are divided into four parts. The first part presents and various definitions of outsourcing; the second part discusses the arguments for outsourcing; the third part examines the impact of outsourcing on employment relations as noted in the literature; the final part discusses the important of labor-management relations in an organization.

2.2 Definitions of Outsourcing

The term outsourcing has been defined by many researchers in much different ways. According to Brown and Wilson (2005) outsourcing can be simply seen as provision of services from an outside source. The transferring of an internal service or duties to an outside provider is outsourcing as defined by Martin (2000). Perry (1997) defines outsourcing as contract between A and B, where employer A, contracts with employer B, and B does work formerly done by A. Cote and Bruce (2004) defines outsourcing as the management strategy by which an organization select specialist organizations in a competitive bidding and assign them to provide services which are non-core functions of the host organization. Mehta (2000) Transferring of the responsibility of a specific business function or a set of related business functions to an external agent is known as Outsourcing. Zappala (2000) sees it as the process of transferring some operation to outside provider as a contract. He went further to say by doing so companies will concentrate on the part they have competitive advantage and give out the areas they have less to firms that has competitive advantage. Adeyemi and Salami (2008), defines outsourcing as the strategy of risk and cost reduction by given out some processes done by the company to external providers with higher economic of scale and specialization.

Kin (2008) defines outsourcing as acquisitions of resources and expertise from external vendors to oversee the affairs and operations of an organization which was previously done internally.

Outsourcing and off sourcing have differences, while off sourcing has to do with transferring of company's productions processes to another country on the other hand

outsourcing is company giving out the processes to either a domestic or international company to do for them.

2.3 Arguments for Outsourcing

The main aim of outsourcing is to reduce cost and maximize profit. Outsourcing is considered cost effective because the organization will save cost expenses they will have paid on permanent staff on sickness, vacations, maternity leaves, insurances etc, since staffs on contract basis. The organization also saves on provision or renting of office space, furniture, telephone and other overhead expenses and at the end to have a win-win situation.

According to Cote and Bruce (2004) there is increase in outsourcing because organizations view it as a way of achieving the strategic of costs reduction, satisfaction of customers, and provision of more efficient and effective services.

Zappala (2000) in his argument said, there are various reasons for outsourcing by organizations, which include ; benefits of specialization, flexibility to supplement existing capacity in response to changes in demand, reduction of expenses, and discipline of market.

According to Adeyemi and Salami (2008) by outsourcing high transaction costs and risks that are done within the organizations can be shifted to external providers, and that will allow the company to benefit from their higher productions of economics of scale and enables specialization.

Azhar and Shehzadi (2013) sees the reasons why organizations practice Human Resource (HR) Outsourcing to include: (1) the ability to focus there “core” business

functions, and concentrate on areas of expertise with likelihood of doing the best; (2) opportunity to obtain competitive advantage and gain profit from the experts specialized skill; (3) provision of flexible and efficient of labor requirements, which will enable firms to save costs and time on direct and indirect provision of human resource (4) risk factor of uncertainty are minimized, and (5) opportunities are provided for firms to choose most competitive tender to reduce the future costs down.

Yeboah (2013), mentioned that companies outsource for a number of reasons. There are companies that outsourcing because of its cost effectiveness, as it gives them time to concentrate on their core competencies and to obtained other products or services from expert companies who does them better. He states that some other companies outsource because they need to improve their quality and speed of software maintenance and development while others believe that outsourcing is now offering much value than it previously did.

Gilley and Rasheed (2000) empirically investigated the influence of outsourcing on organizational performance and discovered that firms pursuing more intense outsourcing strategies do not experience significant, direct performance impact. However, they were quick to caution that this finding should not be assumed that there is effect completely on outsourcing on firm performances as it is likely that it may have effect on the individual functional areas in which it occurs.

Outside contractors are regarded as specialists who can provide similar or better level of service at a lower cost than available in-house.

Other non-financial benefits can be generated by firms through outsourcing. Responses to environmental uncertainty can be achieved without increase in costs associated with in house bureaucracy (D' Aveni and Ravenscraft, 1994). Firms can Outsource their none core activities from specialist contractors and concentrate on building their core competencies. There is limitation to employee's possession of knowledge and specialization (Quinn, 2000).

It has been discovered that firms increasingly find it difficult to acquire and develop or retain the people and technical knowhow within the organization, necessary to maintain existing systems complexity and development and implementation of new technologies (DiRomualdo and Gurbaxani, 1998).

There are questions as to the ability of firm to development risks for their desired innovation, unlike the contractors who have vested interest in innovation and can undertake risks for its present and future clients. Innovation can be spread and accrue high returns at low cost by outsourcing all the entire none core competences to a specialist contractors (Quinn, 2000).

However it has become an academic debate to determine what is core and what is non-core (Kakabadse and Kakabadse, 2002), by out sourcing their core competences organizations can benefit (Baden-Fuller et al., 2000). To summarize it all there are a lot of benefits as emphasize by academic and literature practitioners that resides outside the firms boundaries that will be access by firms at lower cost.

Another non-financial benefit of outsourcing is that an organization can reduce the impact of losing workers. Since the contract staff are engaged by the various

contractors of the organization, the management need not bother about losing staff because the contractors are in the position to make sure that contract staff are always available.

2.4 Impact of Outsourcing on Employment Relations

According to ILO (2006) there are changes in the labor market worldwide, which have brought about to new forms of unfit relationship at times within the employment relationship parameters. Though this is about flexibility increase in the labor market, it has also generated growing number of workers insecurity. And who are generally outside the protective scope normally associated with an employment relationship. One of such changes is being generated by outsourcing, which is increasingly being adopted. There is no consensus in the literature on the impact of outsourcing on employment relations. Some authors argued that outsourcing impacts positively on employment relations while others opined others. For instance, Ogunrinola and Osabuohien (2010) note that the extent of global outsourcing is creating new set of jobs for one part of the globe while certain types of jobs are lost in others.

Outsourcing of the business process involves indirect as well as direct costs and benefits. Direct costs may include the costs on personnel's time spent identifying which processes of the business to be outsourced, vendor or vendors selection, and managing the relationship with vendors. Outsourcing may cause increase or reduction in the cost of material and supply, travels, training, software and equipment. Direct benefits may also include labor cost and time of staff and additional savings from operating efficiencies like lower equipment, software and material costs.

Some possible indirect benefit or cost of outsourcing of a business process may bring about a change in employee satisfaction and engagement due to availability of new or improved services or lower service quality. Possibility of not getting desired services in a new manner may cause temporary or lasting declines in employee satisfaction which will depend on the importance of the process to employee. Outsourcing of business effect on employee satisfaction may change over time as most changes result in higher than initial resistance. Specifically Considering human resource, some important factors that may have an impact on employee satisfaction and engagement may include the human resource management service availability, human resource management service quality, the impact of the services of human resource management in the organizational reputation with employees, customers and potential workers. The security, legal and technology risks faced by the organization may change by the change in the provider of human resources management.

Bringing in a new standardized process and replacing it with a well-functioning process may lead to employees and managers to perceive that human resource management services received as inferior to the previously services provided internally by the human resource department in so many difficult ways to predict and measure the transition of post-outsourcing. There are Available literatures on the positive and negative impacts of outsourcing on employment relations which are examined in the sections below.

2.4.1 Positive Effects

Most of the positive effects of outsourcing are being enjoyed by the organization that is outsourcing. One of such effects is that outsourcing is reduces the staffing cost of the organization since those expenses like staff insurance, maternity leave, holidays leave, health bills etc since the staff are on contract bases, outsourcing can also save

the organization the impact of losing workers. Since the contract staff are engaged by the various contractors of the organization, the management need not bother about losing staff because the contractors are in the position to make sure that contract staff are always available.

According Kin's discovery (2008) outsourcing will enable maximum utilization of workers without employing them or giving them update training, which will reduce cost.

Olsen in his argument (2006), states that outsourcing economic benefits can be realized at the long run by increasing the workers living standard through positive productivity and cutting of costs and that allows organizations to concentrate on core competences.

According to Wooden (2000) hints, outsourcing compensates the negative attribute in jobs by providing jobs that are less stressful and that casual employee shows greater level of satisfaction in their jobs than the permanent staff.

Oktafien and Suryati (2013) investigated the relationship between the perceptions of the outsourced employee, the status of employee Morales and the process recruitment at Corporate Office Kopegtel with the use of test validity, reliability testing, moment product correlation coefficient Karl Pearson, and testing hypotheses using path analysis, based on 41 employee data collected selected through cluster sampling from 14 office/field work. The findings are that there is a positive significance relationship between the workers spirit and perception of the outsourced employee on the recruitment process. This result suggests that there may be different interpretations

regarding recruitment process and status, as seen by different employee and this will affect employee morale. Oktafien and Suryati (2013) note that there may be possible positive perception with the attention given by the company to, health, welfare and safety of its workers.

Mankiw and Swagel (2006) argue that outsourcing is not about job creation; however, if allowed to take it full course, it could lead to higher real wages and living standards. Dey, et al. (2006) investigate the contribution of outsourcing to employment services on manufacturing labor productivity estimates and found that outsourcing of employment services increased and depressed the growth rate of manufacturing labor productivity at difference times. They therefore, assert that outsourcing will result in misleading increases in manufacturing labor productivity.

Cote and Bruce (2004) were asked to examine the likelihood of employee absenteeism from the abuse of sick leave during outsourcing in a U.S. Air Force organization and they found out that employees in the organization undergoing outsourcing not only did not use more sick leave, but actually used less sick leave than those employees in the control organization not undergoing a outsourcing. They assert that the employees of the organization undergoing outsourcing used fewer sick leaves in order to avoid becoming possible targets for disciplinary action for sick

leave abuse or thought to lack commitment to their employer in fear of being selected for termination.

2.4.2 Negative Effect

The outsourcing negative effect on employment relations are on the labor market as a whole, mostly on collective bargaining and unionism. According to Braun and Scheffel (2007), studied the empirical findings on outsourcing effects on the collective agreements and negotiations on wage rates discovered that outsourcing denies those bargaining powers. They mentioned that this is as a result of the risk that outsourcing exposed the low skilled workers jobs, restraints of wages are better accepted in the skills group of workers.

Mankiw and Swagel (2006), Also observed that outsourcing been the causes for people to be dislocated in the labor market, the low skilled are the most affected. They suggested that policy response should be provided to assist affected employee to adjust to the change.

Bockerman and Maliranta (2013) opine that the immediate negative effects of outsourcing on employee well-being are evident from its definition: elimination of certain occupations (i.e. moved to other local firms or abroad); thus, the demand for this type of labor in a firm decreases. They reveal that a substantial proportion of the negative effects on well-being originate from the expected losses of firm-specific human capital, quasi-rents, delayed compensation (when a worker expects to earn less in the future) or from job search costs that are incurred. They state further that outsourcing may cause job satisfaction to decrease as a result of losing fellow employees, and such decision may increase uncertainty regarding the future of employees.

Perry (1997) argues that the redistribution of membership between unions as a result of outsourcing is unlikely to have a major impact on union power broadly defined noting that it can have, however, serious deleterious effects in terms of the power of an individual union, as suggested in my “competitive case” scenario.

Smirnykh and Worgotter (2013) opine that the application of non-standard contracts by enterprises provides more flexibility compared with standard terms of employment, but also increases risks for workers. They argue that outsourcing, which is also a form of non-standard contracts, increases the instability of employment relations and the salary level, and may contribute to income inequality and dualisation as well as the risk of lowering productivity growth because of less investment in human capital by the employer.

Wooden (2000) argues that outsourcing poses a serious challenge to trade unions as most unions are not well structured to organize workers employed under such non-traditional arrangements and the inability of trade unions to stop the practice makes it difficult for unions to persuade such workers that they can effectively represent them. Wooden (2000) notes further that workers employed under outsourcing are less likely to receive structured training provided by the employer and do not have much influence over organizational decision-making processes.

Skoulas (2006) notes that reasons behind the incapability of the labor organizations and trade unions to comprehend the implications and consequences of the post-industrial society, is that they are left theory and education behind them. That is to say, the theoretical understanding of the related to the side effects and basic implications of the changes taking place in society are delayed. Skoulas (2006) argues that the

workers unions should recognize the politics of the information age and globalization and investigate in the international field to find answers to repression and exploitations themselves.

Jensen and Stonecash (2004) argue that the cost savings advantage of outsourcing are achieved through deterioration in employment conditions rather than an improvement in input utilization. Thus, they asserted that savings from outsourcing are transfer payments from workers to managers in the form of reductions in real wages, or increases in worker effort.

Geishecker and Holger (2004) assessed the effects of international outsourcing on wages at the level of the individual and found that outsourcing has had a marked impact on wages. Geishecker (2005) examined that impact of international outsourcing on individual employment security and found that both low- and high-skilled workers lose from international outsourcing in terms of lower job security.

Ogunrinola and Osabuohien (2010) examine the effects of globalization on employment level in the manufacturing sector in Nigeria and found that there exists a positive relationship between global competitiveness and employment level in the manufacturing sector. The implications of this finding is that developing countries such as Nigeria that are not globally competitive would be made worse off by globalization and its elements including outsourcing.

Based on the premise that outsourcing may cause the human side of human resource to suffer Rosheen and Hummayoun (2013) study the impact of outsourcing recruitment process on employee commitment and loyalty based on a sample taken from two

private telecommunication companies: Huawei and Zhongxing Telecom Pakistan situated in Islamabad and the data collected on recruitment process, employee commitment and loyalty were analyzed using t-test. It was found that outsourcing recruitment process has no impact on employee commitment and loyalty.

2.5 Importance of labor-Management Relations in an Organization

The role of labor-management in organizational performance, even in the face of the ever-changing and challenging business environment has been stressed in the literature. Long and Ismail (2009) maintains that the human resource profession is being asked to help businesses compete and to do so, human resource must not only observe, but understand and adapt to the business trends.

Labour-management relationship development begins when the manager and worker experience an interaction sequence over a limited period of time. The nature of the interaction sequence depends on (1) the relatively stable characteristics of the interacting individuals that dispose them to approach interpersonal situations in a certain way, (2) the individuals' expectations of the relation based on past experience, outside information and cognitive schemata, (3) the individuals' assessment of and reaction to the relation both while it is occurring and in retrospect.

The outcomes of the initial testing sequences cause the individual to form perceptions, attributions and attitudes about the other individual and the relationship. Reactions and evaluations of the interaction build expectations (of self, of other, of relationship and of situation) and influence behavior exhibited by individuals in subsequent interactions.

These cognitive and perceptual processes are responsible for the dynamic nature of the relationship development and repeated interactions result in the formation of relationships of different types and quality that in turn influence future relations. Situational factors exert influence throughout the process by affecting how individuals interact and form relationships and how these relationships influence work-related outcomes. Situational variables are mainly considered, as mediators or moderators and their effect will vary depending on the interacting individuals and their stage in the relationship.

It should be noted that the quality of labor-management relation is expected to be the result of the cumulative effects of various factors and interactions; the result of the history of the relationship. It is not the most recent interaction that defines the quality of relations but their cumulative effect.

Each manager and worker brings unique physical characteristics, attitudes, appearance, abilities, personality, experience, age and background to the labor-management relationship. These manager and worker characteristics influence the dyadic partners' perceptions and evaluations of each other, which in turn determine their behavior towards each other as well as labor-management quality. This quality could be divided into two: (1) characteristics that influence how we perceive another person, and (2) characteristics that influence how others perceive us. The first group of characteristics refers to the relatively stable characteristics of the interacting individuals that dispose them to approach interpersonal situations in a certain way. An example of this type of characteristics is neuroticism, which allegedly is associated with negativity and negative perceptions. Agreeableness again is a personal characteristic that could influence how others perceive us.

It is a statement of fact that effective labor-management relations influence worker job attitudes and as such the general recommendation is that organization should pay attention in fostering high-quality relationships between managers and workers.

The ability to effectively communicate with others is important not only to a manager, but as a life skill. Through effective communication, people can make their own ideas clear and arrive at a better understanding of others. People who communicate effectively know how to interact with others flexibly, skillfully, and responsibly without sacrificing their own needs and integrity. The ability to inspire, persuade, share a vision, listen to ideas, clarify ideas and concepts, and allow others to be heard, are all aspects of effective communication that contribute to effective management. Positive communication skills can be improved by purposefully attending to how we interact with others through speaking, listening and body language. Where the labor-management relations are good, the task is well defined and highly structured, and the manager has a high level of formal power and the management situation will be most favorable.

In the modern trends of doing business, additional demands are generated in demographic and cultural backgrounds, and differences in values, interpretations and behavior. In addition to actual differences, perceived differences and stereotypifications could influence the quality of labor-management relationships in the intercultural context. Misunderstandings and conflict are likely especially in the interactions between expatriate managers and their local workers with different cultural and demographic backgrounds.

Although labor-management relations per se may be universal phenomena, it is not argued that conceptions and the styles and practices associated with them are universal. Personal values, shaped by the wider culture in which the person is socialized affect managerial style by determining how a manager perceives and defines a situation, tackles problems and decisions, approaches interpersonal relations, interprets ethical behavior and responds to organizational pressures.

Personality traits influence the quality of labor-management relations, and are relatively stable characteristics, personality tests may serve as useful selections tools. This specifically suggest that there is utility in selecting non-neurotic individuals, both managers and workers, as neuroticism is a personality trait that demonstrated a strong negative effect on perceptions of the quality of the labor-management relationship.

Furthermore, the selection of managers who demonstrate a high level of self-enhancement and workers who demonstrate a high level of extroversion and harmony but low levels of self-enhancement has a favorable impact on the quality of labor-management relationships. As manager characteristics influence both manager's and worker's perceptions (while worker characteristics mainly influence workers' own perceptions), special attention should be given to the selection of managers.

However, the selection of individuals possessing specific characteristics is not the only factor of importance when staffing decisions are made in organization. Important is also how managers and workers are matched to work together. Managers and workers with similar demographic characteristics should be matched. However, differences between manager and worker regarding other personal characteristics do not always have a negative impact on the quality of labor-management relationships.

Similar individuals would like each other more than dissimilar individuals and hence have higher perceptions of each other. While demographic differences between manager and worker demonstrate a negative impact, personality differences have positive impact on the perceptions of the manager.

Based on the above literature review the following hypothesis have been developed for this Thesis;

1. There is no positive association between Outsourcing and the labor-management in Nigeria.
2. There is no positive association between Outsourcing and performance of workers in Nigeria.
3. No positive association between the organizational performance and employment relations.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

Explanation of methods of collection of data and analyzing the data collected in this work are done in this chapter. It States the research designed and used in this work, the population and the sample size are also stated in this chapter.

3.2 Research Design

The paper is design so as to find out what are effects of outsourcing on employment relations in Nigerian banking industry.

The research design in this work is descriptive, since the aim is to measure the level of the outsourcing effects on employment relations.

This kind of work need wide range of opinions on the matter of discussion, which can only achieved through the use of questionnaires. Therefore, self-administered questionnaire has been used to gather relevant information on the matter been investigated.

3.3 Population of Study

The population of this study included different contract staff of different banks within the Nigeria banking industry. There are approximately over 10,000 contract staff, of the 25 consolidated banks in Nigerian spread over different branches in the 36 states and the federal capital territory Abuja.

3.4 Sample Size and Sampling Design

Total (100) hundred people will be chosen for this investigation project. The selected size sample is to give all respondents fair representation among the selected 5 top banks in Nigeria.

3.5 The Research Instrument

The research instrument use for this study is the questionnaire. The questionnaire used was the of Hewitt's Human Resource Outsourcing Survey Questionnaire. The Hewitt's Human Resource Outsourcing Survey Questionnaire was conducted to survey the current practices in total HR outsourcing and transformation.

The Outsourcing Survey Questionnaire used in this study is a twelve-item questionnaire which aims to examine the trend of outsourcing in the Nigerian banking industry, the impact of outsourcing on labor-management relations,

effects of it on workers performance and commitment to their jobs and its importance on employment relations in organizations performance.

Three question was asked to measure the association between outsourcing and labor management, they are questions 7,8 and 9.

Two questions was asked to measure the association between outsourcing and workers performances, and they are questions 11 and 12

Two questions was asked to measure the association between organizational performance and employment relations, the are questions 5 and 6.

3.6 Technique of Data Analysis

Analysis will be conducted on all questionnaires responded on, using table and percentages. Spss will be used to calculate the percentages according to the number of respondents. Using chi-square statistical method, Hypothesis testing will be conducted. Interpretations and analysis will base on the testing result of either acceptance or rejection of hypothesis.

3.7 Limitation of the Methodology

The major limitation of research methodology is the sample size been small, and this is due to the respondent's busy schedules.

Opinions of respondents are used for the empirical analysis and those views may be bias there for the findings of this study will be subjected to the opinions of respondents, therefor result reliability of the findings may not be completely dependable.

Chapter 4

PRESENTATION OF RESULTS AND INTERPRETAION

4.1 Introduction

The chapter will do the presentation and discuss on the results gotten from the questionnaires distributed among the selected contract staff of five major banks in Nigeria. The discussion and analysis will base on the one hundred (100) questionnaires returned.

Analysis of responses to the questions will be made by simple percentages using tables and charts. The hypotheses testing will be conducted by chi-sq test, and interpretations will be made appropriately and discussion on the result will be done thereon. Sample of the questionnaire used is in appendix.

The discussions and analysis are in two segments: the 1st is the questionnaire responses while the 2nd is the hypothesis testing. Empirical results in the chapter will be summarized in chapter five and recommendation will be made appropriately according to the findings.

4.2 presentations of the Questionnaire Responses

Table 1: Banks Contractor's Performance Rating, Survey 2014.

Rate of Performance	Percentage (%)
Excellent	15
Good	60
Average	25
Below The Average	0
Poorly	0
Total	100

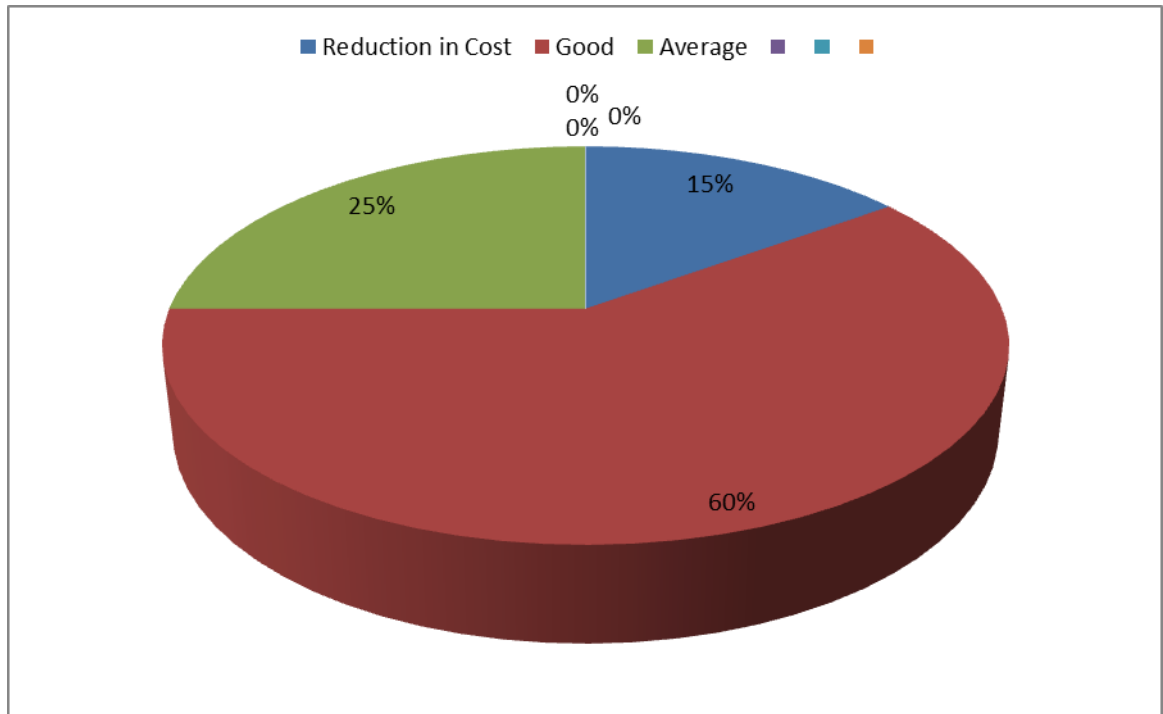


Chart 1: Banks Contractor's Performance Rating, Survey 2014

The above results indicate the level of performances of Banks contractor's by its workers. Majority of them, about 60% rated the performances to be good, while 25% rated Excellent. 15% of respondents have the opinion that the performances are average, although none rated the performances to be below average or poorly.

From the above information, we can see that the contractors of banks performance is rated high and it indicates that the contractors are providing their services satisfactory.

Table 2: Rating of the Most Outsourcing Benefits.Survey 2014

Benefits of outsourcing	Percentage (%)
Reduction in cost	61
Quality improvement in HR Service	16
Centralization and quick Standardization	0
External access to Qualified Resources	9
System of HR upgrade at less capital cost	0
No any Advantage	14
Total	100

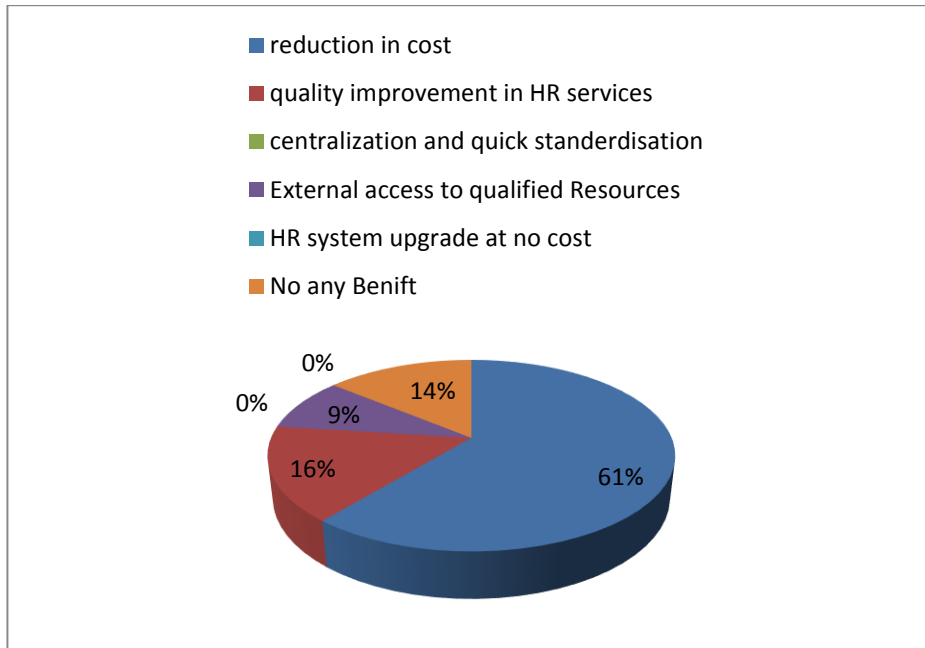


Chart 2: Rating of Outsourcing Benefits. Source: Field survey 2014.

From the above rating by respondents, it shows that the most rated benefit of outsourcing is the cost reduction 61%, as seen in the literatures above highlighted in the argument for outsourcing. It is followed by improved quality of HR services 16%, while access to external qualified resources is 9%, where as 14% see it as to have no benefit.

The responses clearly indicates that some workers believe HR improved service is beneficial, though rated low compared to the first one.

The opinion contradicts the argument by some critics that outsourcing will lead to reduction in the quality of HR services.

Table 3: Competitors Outsourcing and Understanding its Effect Options

Questionnaire Responses	Percentages (%)
Yes, but there is no reason for outsource	33
Yes, Banks Should Have better understand of outsourcing	58
No	0
No idea	8
Total	100

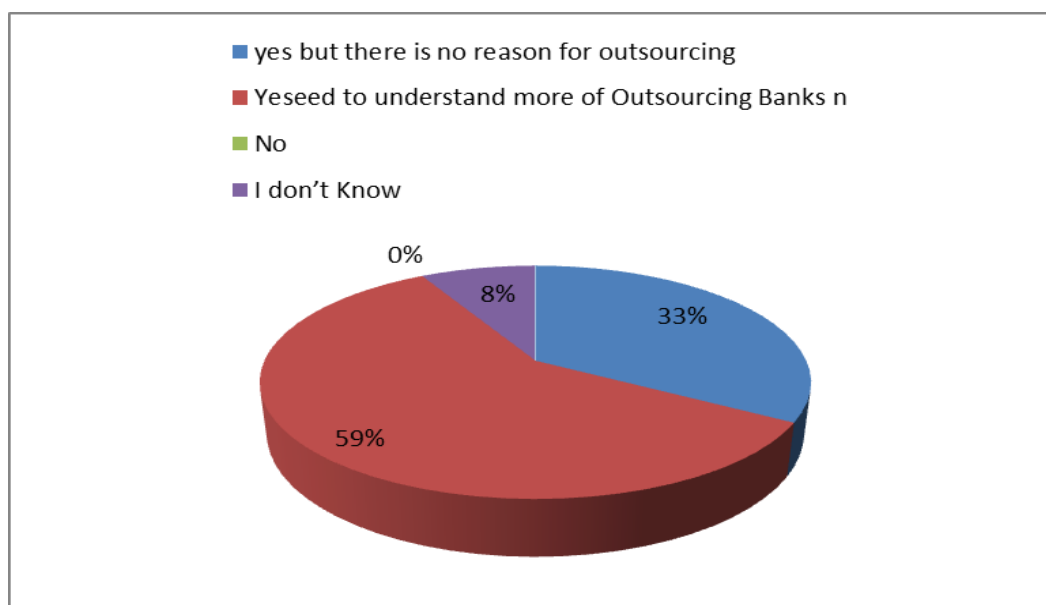


Chart 3: Presentation of Competitors Outsourcing and Understanding its Effect Options. Source: Field survey 2014

The above result shows the outsourcing trends in the Nigerian Banking sector and the understanding of its impact by the respondents. 58% of the respondents say

competitors from other banks have adopted the outsourcing of their HR of recent, but they also said banks need to understand outsourcing more.

While 33% on the other hand said competitors from other banks adopted the policy of HR outsourcing of recent but sees no reasons for the Banks consider outsourcing. From the above information, most respondents do not agree to the manner of adopting the outsourcing while other are totally against its adaptation, this shows level of which unpopular outsourcing is with the workers.

Table 4: Existence Barriers for Outsourcing.Survey 2014

Responses	Percentage (%)
No	100
Yes	0
Total	100

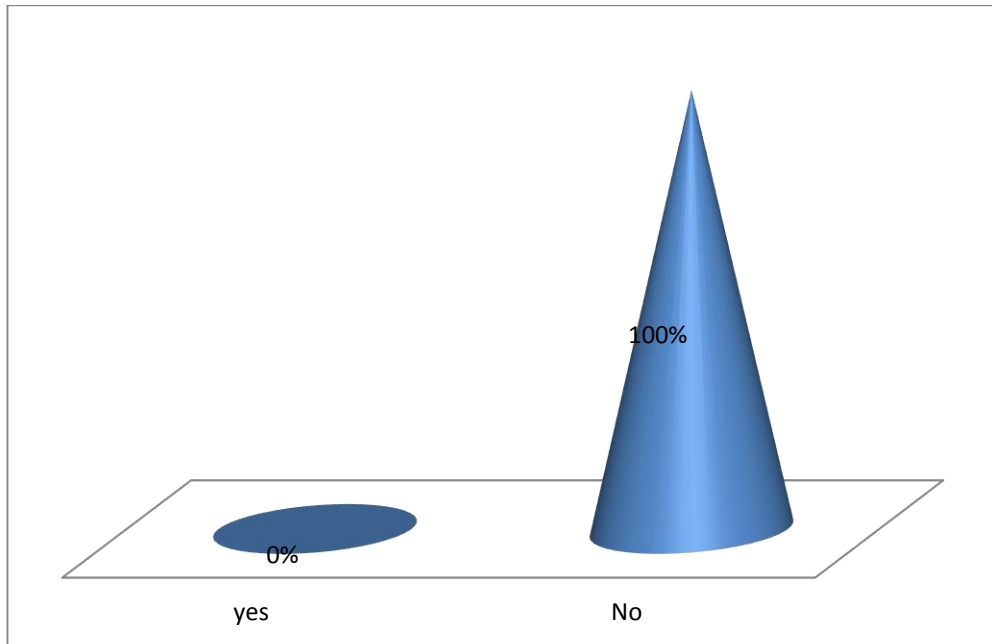


Chart 4: Existing Barriers for Outsourcing. Survey 2014

From the above conducted survey of either there are existing barriers to outsourcing, it was discovered that there are no barriers to outsourcing in Banks. This indicates that the banks do not encounter any barrier in its policy of outsourcing, not even from the labor organizations or staff. This survey did not include some minor hitches the banks management may encounter.

Table 5: Extent of Staff Involvement in the Banks Human Resource Decisions. Survey 2014

Questionnaire Responses	Percentage (%)
Not Involved at all 1	100
2	0
3	0
4	0
Involved completely 5	0
Total	100

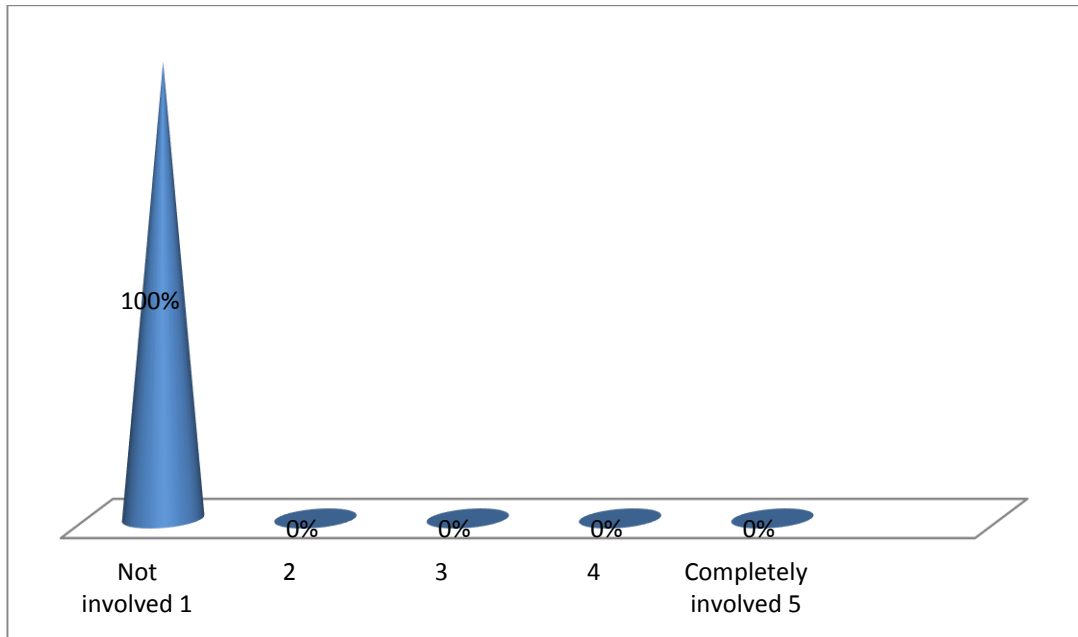


Chart 5: The Level of Staff Involvement in the Banks Human Resource Decisions
 Source: Field Survey, 2014

In investigating the practice of Human Resources Management (HRM) practices in Banks, respondents were questioned on whether they are involved in the decisions of the banks HR and 100% that's all the respondents answered No, which confirms that management of banks does not use the participative decision making policies. That is to say they do not carry their employee along in their decision making.

Table 6: The Level of Training and Courses Organized For Workers on Contract by Banks

Responses to Question	Percentage (%)
Never	38
Seldom	30
Sometimes	32
Usual	0
Always	0
Total	100

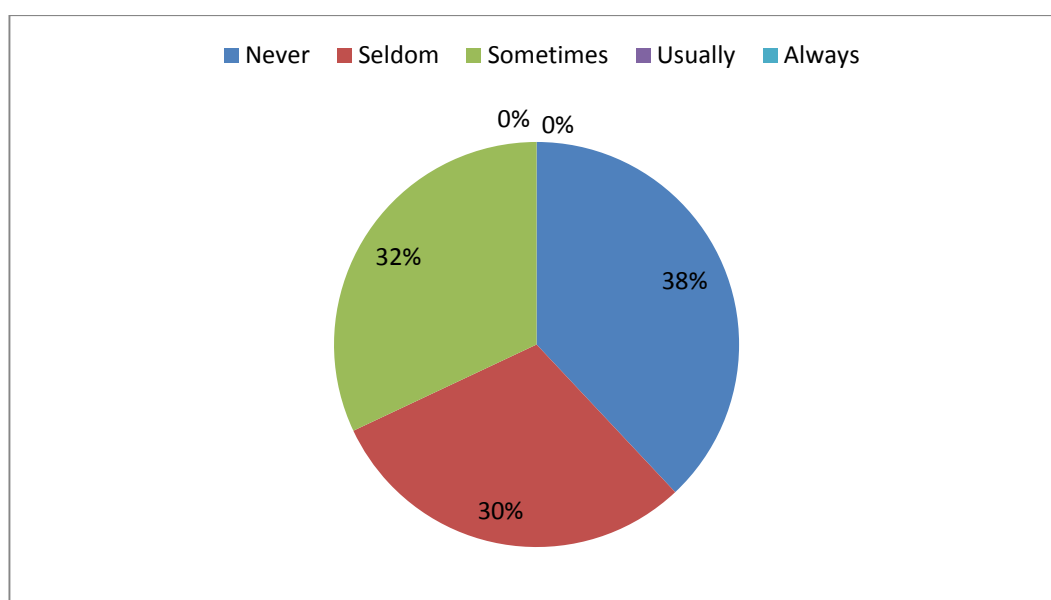


Chart 6: The level of training and courses Organized for workers on Contract by Banks. Source: Field Survey 2014

Results above shows the level for courses and training been organized for contract workers by Banks in Nigeria.

The highest number of respondents with 38% said they have never been opportune to go for training, while 32% said sometimes and 30% claim seldom. There is none of them that claim they are either always or usually given the chances to go for trainings.

This is an evidence that Bank management are not concern on training and development of their contract staff, since majority of the contract staff are unskilled, so the Bank doesn't appreciate them and this may be the factor behind this trend.

Table 7: Are Contract Staff Allowed To Engage In Collective Bargaining?

Responses to Question	Percentage (%)
NO	99
YES	1
Total	100

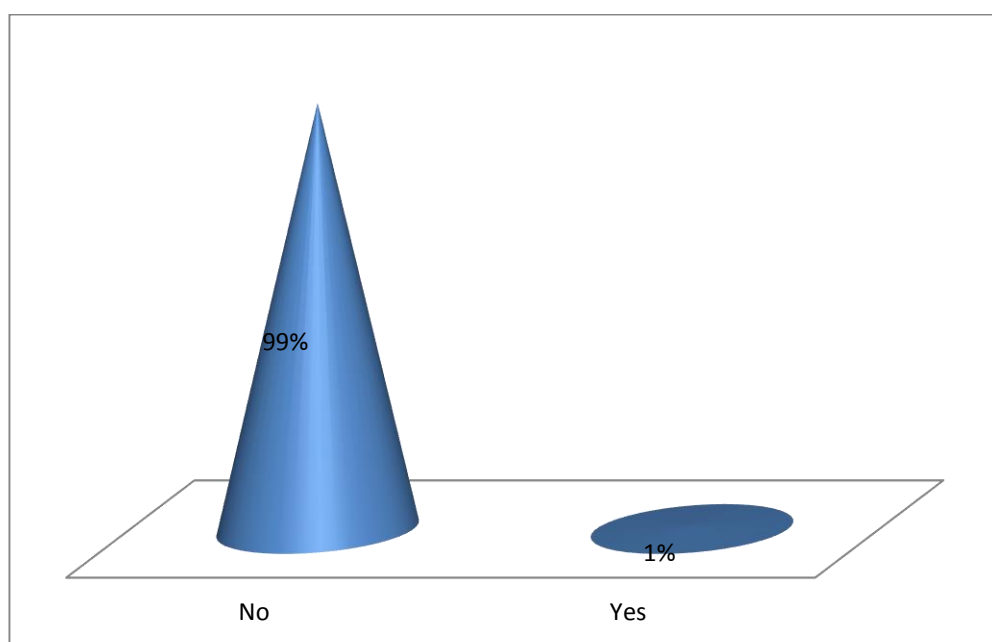


Chart 7: Distribution in percentage of, if Contract staff allowed to Engage in Collective Bargaining. Source: Field Survey, 2014.

Investigation on the matter of if contract staff of the banks are allowed to participate in collective bargaining the result shows that 99% of the respondents say no they are not allowed and only 1% say yes they are allowed to participate under the banks arrangement on outsourcing. This is evidence of the allegation by the public that Banks are unfair in their labor practices that trivialize condition of service of workers.

Table 8: Does Management of Banks Entertain Complains of Contract Staff?

Responses to Question	Percentage (%)
Yes	5
No	95
Total	100

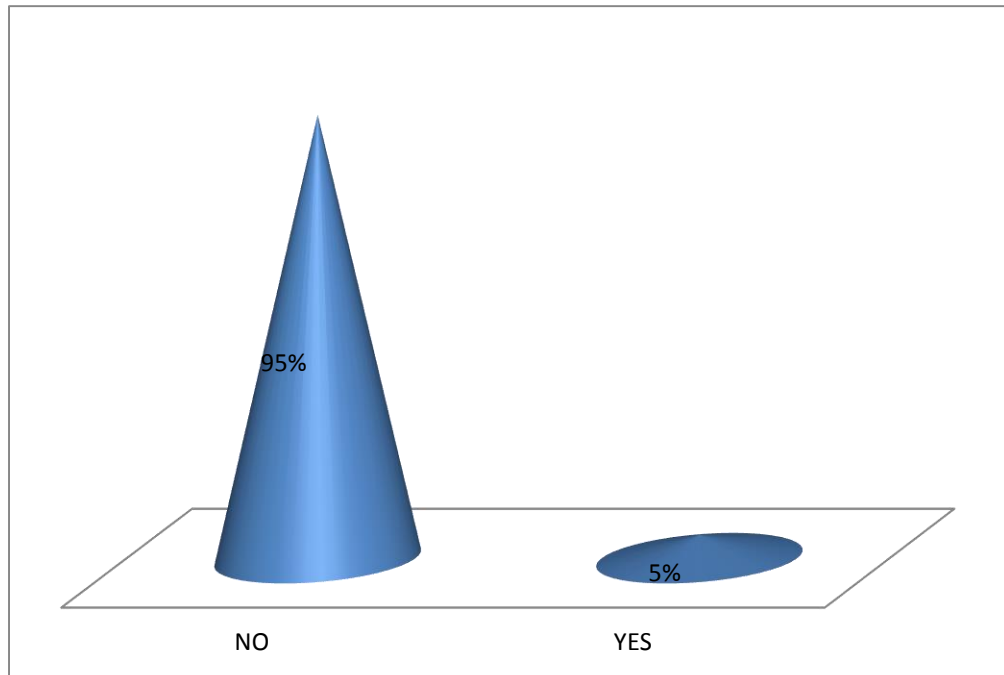


Chart 8: Does Management of Banks Entertain Complains of Contract Staff?
Survey, 2014

95% of the respondents on whether the Banks management entertains complain from the contract staff say no they don't while 5% agree that yes the management of Banks attains to complains of their contract staff. This tells that the management is found to be ignoring the industrial democracy so it can be classified as dictatorial.

Table 9: Are workers on contract not permitted to join workers union?

Responses to Question	Percentage (%)
No	8
Yes	92
Total	100

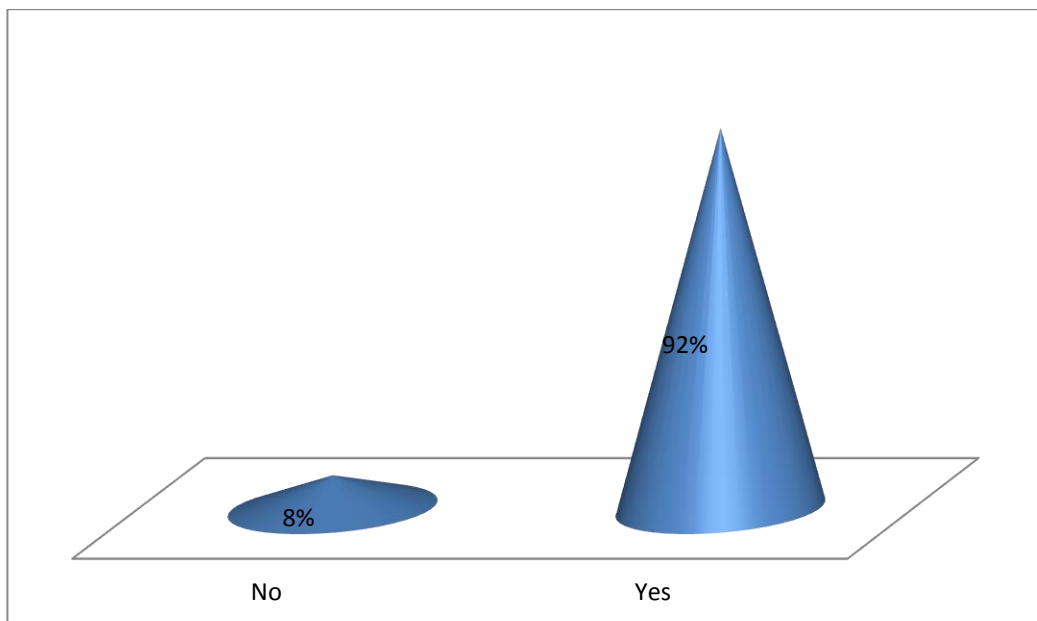


Chart 9: Are Workers on Contract not permitted to Join Workers Union?
Source: Field Survey, 2014

From table and chart 4.2.9 above response on the question of whether the contract staff are allowed to join the workers union or not, 8% of the respondents say no they are not prohibited while majority of them with 92% said yes they are not allowed to join the workers union. Contrary to the ILO conventions 87 and 98 of 1948 and 1949 and section 40 of the Laws of federation 1999 that gives workers the right to have free associations and unions.

Table 10: Are Contract Workers of Banks Entitled to Severance Benefits?

Responses to Question	Percentage (%)
No	100
Yes	0
Total	100

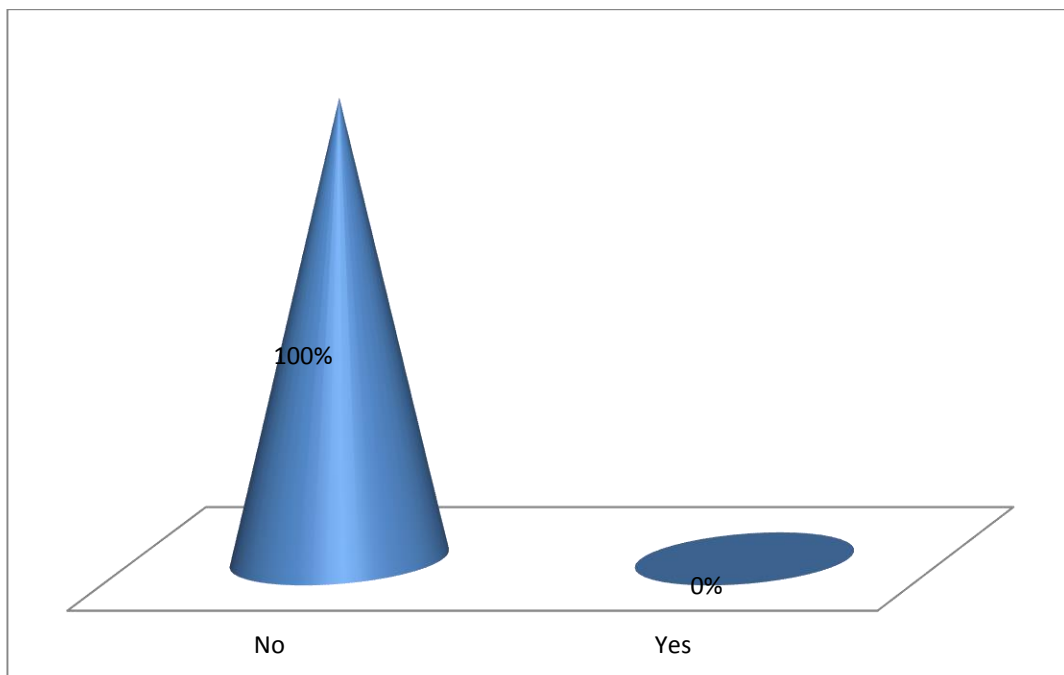


Chart 10 Are Contract Workers of Banks Entitled to Severance Benefits?
Survey 2014:

All the 100% respondents agree that contract staffs of the bank are not entitle to severance benefit as seen in the table and chart 4.2.10 above.

This is a proof that the HR management on outsourcing in Banks is unfair and it's dehumanizing to have engaged a worker without severance benefit and this is unacceptable internationally

Table 11: The level of Commitment and Performances of the Staff been affected by HR Outsourcing Arrangement of Banks Survey 2014

Responses to question	Percentages (%)
Not at all. 1	2
2	0
3	0
4	3
5	30
Absolutely. 6	65
Total	100

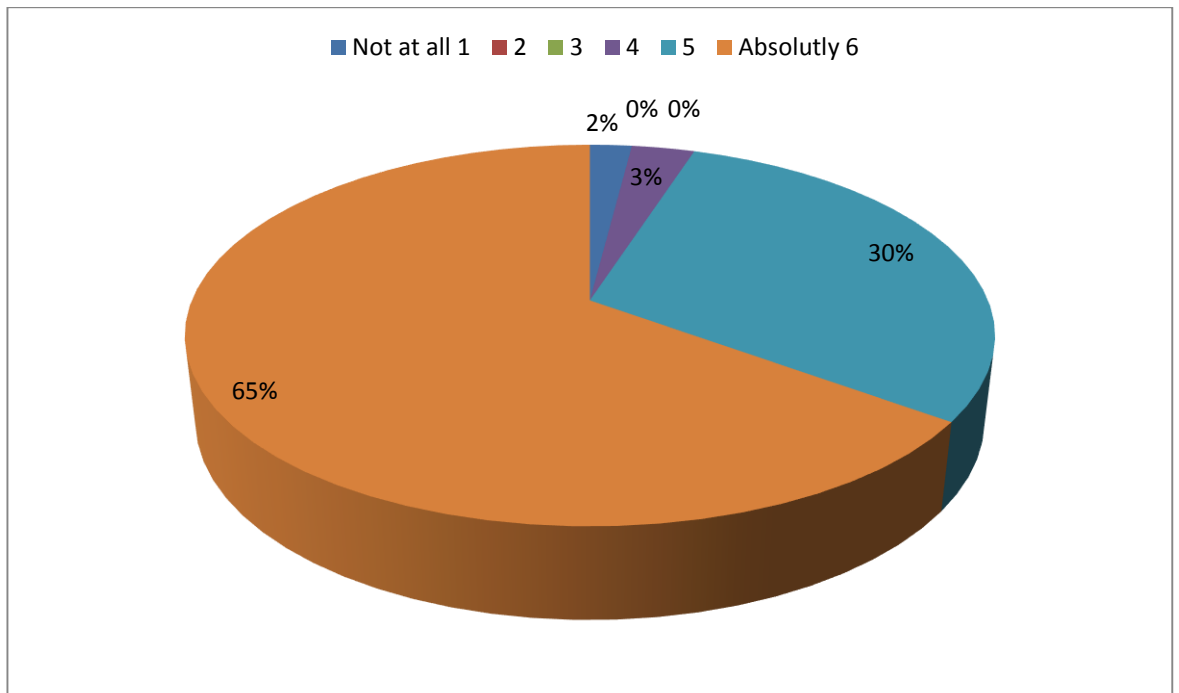


Chart 11: The Level of Commitment and Performances of the staff been affected by HR Outsourcing Arrangement of Banks.Survey 2014

Both the Table 11 and Chart 11 above shows the responses to the question whether HR outsourcing arrangement in Banks affect the commitment and performances of its contract staff. As seen 65% agree that it does affect their performances while it went down to only 2% who says not at all, it does not affect their performance.

From the result there is evidence that yes HR outsourcing arrangement of banks does affect the commitment and performances of its contract staff therefore the banks may not the best output from them.

Table 12: The Extent of Satisfaction by Respondents with the HR Outsourcing Arrangement of Banks.Survey 2014

Response	Percentages (%)
Completely not Satisfied. 1	95
2	5
3	0
4	0
5	0
Fully Satisfied. 6	0
Total	100

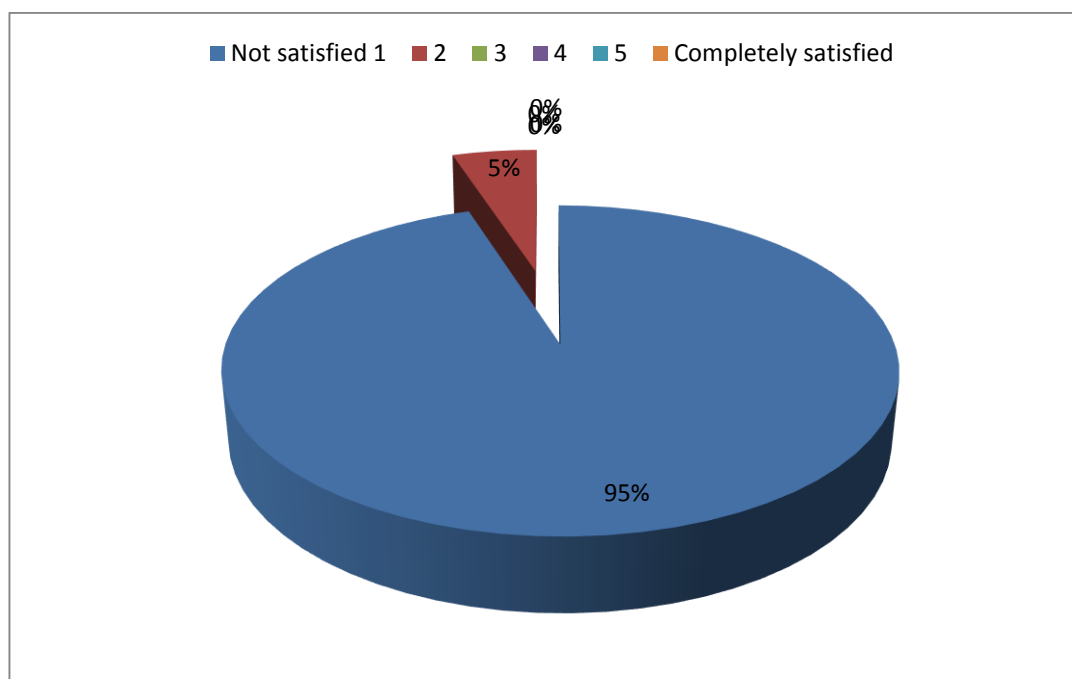


Chart 12: The Extent of Satisfaction by Respondents with the HR outsourcing Arrangement of Banks.Survey 2014

The overall satisfactory rating of the HR outsourcing arrangement by the respondents as shown in results above indicates 95% of them are completely not satisfied with it, while 5% indicated that they are not satisfied with the arrangement to a certain level. From the result it is clear that majorly of the workers are not ok with the arrangements and that will definitely affect their performances, because they may lack motivation in performance of their jobs there by not given their best to the Banks.

4.3 Hypothesis Testing

4.3.1 First hypothesis testing

Labor management relations have no positive association with outsourcing.

Table 13: Questionnaire Answers on 7, 8 and 9 questions. Survey 2014

No	Questions	No	YES	Total
7.	What is the rate at which contract staffs are allowed to participate in collective bargaining?	99	1	100
8.	Does Banks management attain to complains from contract staff?	95	5	100
9.	Are contract staffs allowed to join the workers union?	8	92	100

We can now test the hypothesis by using chi square.

Questions	7	8	9	TOTAL
Yes	e11(1)	e12(5)	e13(92)	98
No	e21(99)	e22(95)	e23(8)	202
TOTAL	100	100	100	300

$H_0 : X^2 = 0$ (Labor management relations have no positive association with outsourcing.)

$H_1 : X^2 \neq 0$ (outsourcing has positive association with labor management relations)

$X = 5\% = 0.05$ (significant level)

d.f. = 2 (r-1)(c-1)

From the table $X^2 = 5.991$

$$e11 = \frac{98 \times 100}{300} = 32.67$$

$$e_{12} = \frac{98 \times 100}{300} = 32.67$$

$$e_{13} = \frac{98 \times 100}{300} = 32.67$$

$$e_{21} = \frac{202 \times 100}{300} = 67.33$$

$$e_{22} = \frac{202 \times 100}{300} = 67.33$$

$$e_{23} = \frac{202 \times 100}{300} = 67.33$$

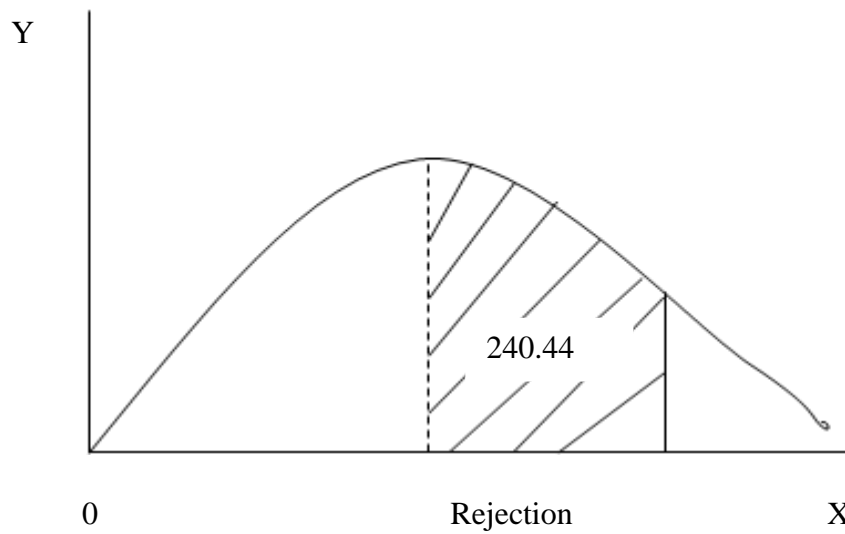
O_i	e_i	$O_i - e_i$	$(O_i - e_i)^2$	$\frac{(O_i - e_i)^2}{e_i}$
1	32.67	-31.67	1002.99	30.70
5	32.67	-27.67	765.63	23.44
92	32.67	59.33	3520.05	107.75
99	67.33	31.67	1002.99	14.90
95	67.33	27.67	765.63	11.37
8	67.33	-59.33	3520.05	52.29
				240.44

$$\chi_c^2 = \sum (o_i - e_i)^2 / e_i = 240.44$$

$$\chi_t^2 = 5.991$$

$\chi_c^2 > \chi_t^2$ ($240.44 > 5.991$). There for we reject null (H_0) and accept alternative (H_1)

The rejection region is shown below



Interpretation of Hypotheses Results

From the calculation chi-square calculated is 240.44 and tabulated chi-square is 5.991, the rules states that when the calculated is greater than the tabulated then we reject null and accept the alternative hypotheses so in this case since it is greater we reject that outsourcing does not affect the labor management relation and accept that Yesoutsourcing do affect the labor management relations.

4.3.2 Second Hypothesis

Outsourcing does not have a positive association with performance of employees (workers).

Table 14: Question 11 and 12 on the Questionnaire and Responses. Survey 2014

No	Questions	TOTAL	1	2	3	4	5	6
11.	To what extent Does HR outsourcing arrangement of the banks affect your job commitment and performance?	100	2	0	0	3	30	65
12.	What is your overall satisfaction with the HR outsourcing arrangement of banks?	100	95	5	0	0	0	0

Hypothesis testing by the Use of the chi-square (X^2)

Questions	11	12	TOTAL
Not at all. 1	e11(2)	e12(95)	97
2	e21(0)	e22(5)	5
3	e31(0)	e32(0)	0
4	e41(3)	e42(0)	3
5	e51(30)	e52(0)	30
Absolutely. 6	e61(65)	e62(0)	65
TOTAL	100	100	200

$H_0 : \chi^2 = 0$ (Outsourcing have on positive association with workers performance)

$H_1 : \chi^2 \neq 0$ (Outsourcing have a positive association with the performance of workers)

$\alpha = 5\%$ (0.05) significant level

d.f. = 5 (r-1) (c-1)

$\chi^2_{\alpha} = 11.07$ from table

$$e_{11} = \frac{97 \times 100}{200} = 48.5$$

$$e_{12} = \frac{97 \times 100}{200} = 48.5$$

$$e_{21} = \frac{5 \times 100}{200} = 2.5$$

$$e_{22} = \frac{5 \times 100}{200} = 2.5$$

$$e_{31} = \frac{0 \times 100}{200} = 0$$

$$e_{32} = \frac{0 \times 100}{200} = 0$$

$$e_{41} = \frac{3 \times 100}{200} = 1.5$$

$$e_{42} = \frac{3 \times 100}{200} = 1.5$$

$$e_{51} = \frac{30 \times 100}{200} = 15$$

$$e_{52} = \frac{30 \times 100}{200} = 15$$

$$e_{61} = \frac{65 \times 100}{200} = 32.5$$

$$e_{62} = \frac{65 \times 100}{200} = 32.5$$

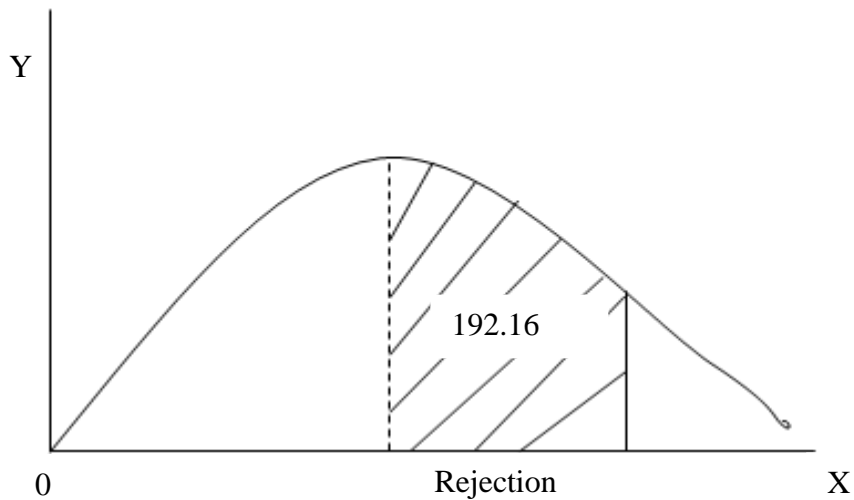
O_i	e_i	$O_i - e_i$	$(O_i - e_i)^2$	$\frac{(O_i - e_i)^2}{e_i}$
2	48.5	-46.5	2162.25	44.58
95	48.5	46.5	2162.25	44.58
0	2.5	-2.5	6.25	2.5
5	2.5	2.5	6.25	2.5
0	0	0	0	0
0	0	0	0	0
3	1.5	1.5	2.25	1.5
0	1.5	-1.5	2.25	1.5
30	15	15	245	15
0	15	-15	245	15
65	32.5	32.5	1056.25	32.5
0	32.5	-32.5	1056.25	32.5
				192.16

$$\chi_c^2 = \sum (O_i - e_i)^2 / e_i = 192.16$$

$$\chi_t^2 = 11.02 \text{ From table.}$$

$\chi_c^2 > \chi_t^2$ (192.16 > 11.02). We reject Null and accept Alternative hypothesis H_1

Graph showing rejection area



Interpretation of Hypothesis Result

From the above, result of the conducted hypothesis indicates that the calculated chi square is greater than the tabulated chi square, that means rejection of the Null and acceptance of the Alternative hypothesis. The indication is that Outsourcing affects the performance of workers in Nigeria.

We have already seen in the previous chapters that commitment and job satisfaction are the key determinants of the workers performance, therefore if workers are not satisfied and committed to their jobs it will surely cost the organization some damages. As seen it the survey where majorly of the banks workers are un satisfied with their work which consequently affect their performances.

4.3.3 Third hypothesis

No positive association existence between organizational performances and employment relationship.

Table 15: Question 5 and 6 on the Questionnaire and Responses. Survey 2014

No	Questions	TOTAL	1	2	3	4	5
5.	What is the extent of staff participation in the HR decisions in banks?	100	100	0	0	0	0
6.	What is the rate at which training courses been organized by banks?	100	38	30	32	0	0

We can conduct our test of hypothesis by the use of chi square

Questions	5	6	TOTAL
Not at All. 1	e11(100)	e12(38)	138
2	e21(0)	e22(30)	30
3	e31(0)	e32(32)	32
4	e41(0)	e42(0)	0
Always.5	e51(0)	e52(0)	0
TOTAL	100	100	200

$H_0 : X^2 = 0$ (No positive association with Organizational performance and employment relation.)

$H_1 : X^2 \neq 0$ (There is a positive association between Organizational performance and employment relations)

$X = 5\% = 0.05$ (Significance level)

d.f. = 4 (r-1) (c-1)

From the table $\chi^2_{\alpha} = 9.488$

$$e_{11} = \frac{138 \times 100}{200} = 69$$

$$e_{12} = \frac{138 \times 100}{200} = 69$$

$$e_{21} = \frac{30 \times 100}{200} = 15$$

$$e_{22} = \frac{30 \times 100}{200} = 15$$

$$e_{31} = \frac{32 \times 100}{200} = 16$$

$$e_{32} = \frac{32 \times 100}{200} = 16$$

$$e_{41} = \frac{0 \times 100}{200} = 0$$

$$e_{42} = \frac{0 \times 100}{200} = 0$$

$$e_{51} = \frac{0 \times 100}{200} = 0$$

$$e_{52} = \frac{0 \times 100}{200} = 0$$

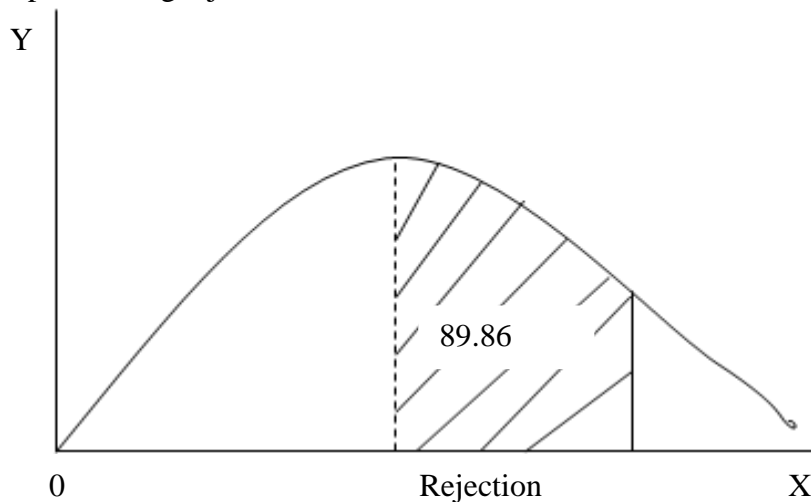
O_i	e_i	$O_i - e_i$	$(O_i - e_i)^2$	$\frac{(O_i - e_i)^2}{e_i}$
100	69	31	961	13.93
38	69	-31	961	13.93
0	15	-15	225	15
30	15	15	225	15
0	16	-16	256	16
32	16	16	256	16
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
				89.86

$$\chi_c^2 = \sum (O_i - e_i)^2 / e_i = 89.86$$

$$\chi_t^2 = 9.488 \text{ from the table.}$$

$\chi_c^2 > \chi_t^2$ (89.86 > 9.488). We reject Null and accept Alternative hypothesis.

Graph showing rejection area.



Interpretation of Hypothesis Testing Results

The hypothesis result obtained from test conducted by chi square reveals that the calculated chi square is greater than the tabulated chi square and that means we reject the null hypothesis which states that there is no positive relationship between the Organizational performance and employee relations. So we accept the alternative hypothesis that states there is a positive relationship between Organizational performance and employee relations. That confirms the widely believed opinion that good relationship with workers makes them more committed to the organization and enhances their performances. Therefore management of banks should consider this in their policies outsourcing.

4.4 Managerial Implications of Findings

The finding of the empirical test conducted reveals that Banks outsourcing policy is damaging its employment relations, which is identified to be a great factor in determining organizational performance.

The findings also indicates that Banks are involved in many practices that are fond to be unfair to its staff, such as depriving them of their right to be part of unions and collective bargaining. This has adversely the morals of the staff on contract as seen from the low rate in the response on their job satisfaction and commitment.

The banks management has to integrate the practices of Human Resource Management (HRM) in their Strategy in other to remain competitive by improving their general performance. The HRM functions should be seen as partners and have a say in the decision making and this will make the professionals in HR to assist and support the Bank in their strategic policies of change.

Chapter 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Findings Summary

This project tried to investigate effects of outsourcing and employment relations. This project provided different outsourcing definitions and also studied the outsourcing arguments.

The main objective in the literature reviewed is cost effectiveness, and control with small emphasis given to labor relations activities. The work move further to review some literatures available on outsourcing impacts on employment relations to find the positive and negative effects it has. Outsourcing's negative effects on employment relations are mostly impacted on the right of collective bargaining, unionism and the labor market as a whole. The labor management relations in an Organization were also examined.

The motive to study the topic is as a result the non-concern attitude on the effect of outsourcing on employment relations and insecurity of jobs associated with it. Although outsourcing has been currently attracting attention, the empirical evidence on the impact of it on employment relations like collective bargaining on wages and participation in unionism is very little. This is the main focus in this project. The knowledge will bring about an effective policy of outsourcing and implemented in the Nigerian banking sector, the importance of HRM practices has been highlighted for

the achievement and sustainability of good performance in the moving environment of business of today. Approach toward the integration and formulation and implementation of practices of the HRM has been emphasized. Firms need to invest in strategies that proactively pursue HRM practices to achieve and sustain competitive advantage in the competitive world today.

The highlights of the findings of this study are as follows:

- i. Outsourcing has been discovered to have effects on labor-management relations. It clearly indicates that by just transferring the management of the human to a third party will not improve labor-management relations in the organization. From the respondents answers of the administered questionnaire analyzed it was discovered that the management of banks engages in some unacceptable labor practices that is unhealthy to service conditions of workers and ignoring industrial democracy, the right of collective bargaining of wages and unionism are been denied.
- ii. The second testing of hypothesis reveals the effects of outsourcing on the performance of worker's in Nigeria. In the case of banks, it has been found that almost all the banks contract staffs are not committed to their jobs, because they are not satisfied. And the consequence will be bad for the organizations.
- iii. Positive relationship between the employment relations and organizational performance has been found out. This confirmation of the widely believed opinion that good employment relations will impact positively on the performance of an employee in an organization, and will give them job satisfaction and commitment which will consequently improve performance of the organization.

5.2 Conclusion

The study has been conducted to determine the effects of outsourcing on employment relations Nigerian banks. The literature reviewed provided concrete proof of the existence of negative effects of outsourcing on the employment relations. The result of the study has substantiated the empirical evidence of the earlier research regarding this topic.

There is an indication from empirical analyses that banks outsourcing policy is destroying the employment relations that has been discovered the main factor in the determination of the organizational performance. The results of our study also indicates that the firms engages in so many unfair and unacceptable practices like, ignoring industrial democracy, and abuse of employees' rights of wages collective bargaining and been part of unions in order to deprive the workers of their conditions of service. The morale of contract staff has been adversely affected, judging by their level of job satisfaction and commitment they indicated.

Although cost savings may be an advantage of outsourcing, deterioration in employment conditions of services may be experienced rather than improvement their input utilization. The study suggests that while manifestation of rationality may be achieved through outsourcing, fostering effective cordial employment relations may be less, especially when not properly guided. This is to say outsourcing will be implemented in such a manner that both the management and the employees will be beneficial.

The management of banks must integrate the practices of HR in the firm's strategies for the improvement in the organizations general performance and in other to remain

in the competitive market. The Management should identify all HRM function importance and make it a partner in its strategic formulation. This relationship will give active role for HRM professionals in the firms to facilitate any change in the organization. Management has to know the important and use this practice for the realization of their business objectives.

5.3 Recommendations

In accordance to findings of this study, recommendations are suggested as follows:

- 1) The management of banks should stop the unfair labor practices. Management has to embrace industrial democracy by giving the right to the staff of collective bargaining and unionism. Entire contract staff should be giving the chance to negotiate their wages or salary and join the unions.
- 2) The management has to recognize and accept the fact that workers commitment to job is based on their level of satisfaction. Considering the fact majority of staffs of the banks on contract are not satisfied with the terms of their work, it is important for the management of banks to improve on the working conditions of the staff and indicates interest for the development of their career.
- 3) Banks management must focus their attention on improving mutual relationship in employment by making sure that all the human resource policies especially the outsourcing policies are not counter-productive. Banks must adjust their outsourcing policy to accommodate their workers' interest and grievances. This will Promote good industrial relations and also improve commitment in organizational as they all benefits from outsourcing.

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APPENDICES

Appendix 1: Letter of Permission

The Human Resource Manager,

----- Bank Nigerian Plc

My name is Suleiman Mohammed Raji, a Masters student of Business Administration, of Eastern Mediterranean University Cyprus. I am currently conducting a research on “Effects of outsourcing and employment relations in Developing countries (case study of the Nigerian Banking Industry)”

I hereby seek for your permission to administer some questionnaires to some staff of your bank. This is intended to get the needed information for the completion of this academic research successfully.

I assured you that the information that is obtained will be used for the research of this project only and all staff’s responses will be kept confidential. Your support and co-operation will be highly appreciated. Thanks.

Yours faithfully,

Suleiman Mohammed Raji

Appendix 2: Outsourcing Survey Questionnaire

Name _____ Sex _____ Age _____ Date _____

INSTRUCTION: This questionnaire is used to survey the current practice of H R Outsourcing in the Banking sector. Please read carefully every statement and tick in the appropriate box to select your opinion.

1. How would you rate the services delivered by Banks's contractors?

- A. Excellent B. Good C. Average
D. Below Average E. Poor

2. How would you rank the benefits you believe outsourcing could bring to your bank?
(Rank from 1 to 6 with 1 being the biggest benefit)

- A. _____ Reduction in cost.
B. _____ Quality of HR Service improvement.
C. _____ Centralization and Standardization quickly.
D. _____ External access to Qualified Resources.
E. _____ No major cost in the Upgrade of HR system
F. _____ There is no benefit in Outsourcing.

3. Have any of competitors Bank recently outsourced HR and has this influenced you to understand more about outsourcing option?

- A. Yes, but our Bank has no reasons to consider outsourcing.
B. Yes, our Bank needs to understand more about HR outsourcing opportunities.
C. No.

D. I don't know.

4. Is there any barrier to outsourcing in your Bank?

A. Yes

B. No

5. Please rate your involvement in the HR decisions of your Bank.

Not at all
Involved

1

2

3

4

completely
Involved

5

6. How often are training and courses organized for you by the Bank?

Never

Seldom

Sometimes

Usually

Always

1

2

3

4

5

7. Are contract staff allowed to engage in collective bargaining?

A. Yes

B. No

8. Does management of banks entertains complains of contract staff?

A. Yes

B. No

9. Are workers on contract not permitted to join workers union?

A. Yes

B. No

10. Are you entitled to any severance benefits under your HR outsourcing arrangement in your bank?

A. Yes

B. No

11. Is the commitment and performances of the staff been affected by HR outsourcing arrangement of banks?

Not at all
1 2 3 4 5 completely
6

12. Please rate your overall satisfaction with your HR outsourcing arrangement.

Not at all
Satisfied 2 3 4 5 absolutely
Satisfied
6

13. If there is any reason(s) you would want to quit your job, please state them below:
