Casual Employment: its Ambiguity, Heterogeneity and Causes in Nigerian Manufacturing Sector

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Abstract

The concept casual employment is riddled with ambiguity and paradoxes. Making sense of them is the key to understanding the significance, especially for labour productivity and casualization. Definitional ambiguity reflects changes in the form rather than substance of long-term employment relations in the workplace. The characteristics of most casual workers indicate that this form of employment has more to do with limited choices available to young people, women and low skilled workers than any flourishing of choices for people at work. The growth of casual employment is seen as an outcome of recruitment practices developed to meet internal labour demands in the context of changing labour regulations and changing relationships between firms and the labour market. While casual employment is a function of 'demand-side' factors, the recruitment strategies that stimulate its growth are formed through managers' perceptions of the quality and reliability of the available labour supply. Though 'demand-side' factors, especially firm size and union activity, are major determinants of the use of casual employees, attention has also been paid on the role of institutional factors that have enabled casual work to flourish in widening gaps in labour regulation. The growth of casual work has generated considerable interest, but only recently has attention focused on its heterogeneity. In an overview of the dynamics, therefore, this study tends to examine casual employment, its ambiguity, heterogeneity and causes in Nigerian manufacturing sector.

Keywords: Casualization; Demand factor; Institutional factor; Casual labour; Work force

Introduction

Employers have different motivations and purposes in mind when offering casual jobs in manufacturing sector workplaces. The nature of the job—whether it is short term or continuing, whether it is usually offered on a full-time or a part-time basis, or whether its status is recognized under industrial awards—differ between types of casual jobs. The characteristics of the ideal recruit, and his or her willingness to participate in the casualization process, will differ between casual job types. To understand how managerial decisions shape employment outcomes, the starting point is to make a distinction between casual jobs and the workers who fill those jobs [1]. This is summarized in Table 1.

The first column of Table 1 lists the six forms of casual work as ‘Probationary’, ‘Quasi-permanent’, ‘Restructuring’, ‘Technical/Organizational’, ‘Labour pool’, and ‘Agency’ work. The next three columns describe the characteristics of each casual job type, while the information in the last two columns relates to the characteristics of the workers who are typically recruited to jobs of each type.

<table>
<thead>
<tr>
<th>Casual job Type</th>
<th>The job</th>
<th>The work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probationary</td>
<td>On-going</td>
<td>Usually full-time</td>
</tr>
<tr>
<td>Quasi permanent</td>
<td>On-going</td>
<td>Usually full-time</td>
</tr>
<tr>
<td>Restructuring</td>
<td>Short/medium, may be altered overtime</td>
<td>Usually full-time</td>
</tr>
<tr>
<td>Technical/organization</td>
<td>On-going</td>
<td>Usually part-time</td>
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As for similar (gendered) permanent position

As for similar gendered permanent position

As for gendered permanent position, but social outsider

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The ‘right attitude’ underlines the recruitment criteria for graduation to permanency. This may vary widely from firm to firm: one company sought workers who would apply themselves methodically to a set task on the process line, while another sought workers who would promote team spirit in the workplace.

For many workers taken on for a probationary period, the prospect of permanent job is more imagined than real, although it is also true that successful completion of a period of contract, casual or probationary employment is becoming a prerequisite to permanent employment [3].

The qualities of potential recruits are not managers' only consideration. The degree of worker organization in the workplace constrains the growth of casual employment by limiting its use under award and workplace enterprise agreements and through union pressure to move workers from casual to permanent status [2]. Conditions in the product market are a factor because the firm must have sufficient work to justify continued employment. The skill level of the job matters too. High-skilled workers performing tasks crucial to the production process are more likely to be offered permanency. The characteristics of the local labour market also affect the recruitment decision because employers apply more stringent criteria where a large number of replacement workers are available locally.

Finally, company history matters—firms with a history of workers' compensation claims or absenteeism are more wary of making casual workers permanent. Casual workers who fail to meet the employer's expectations are easily shed [2]. Dismissing a casual worker is generally not necessary; it is simply stated that no further work available. Avoiding a wrong recruitment decision also motivates employers to institute an initial spell of probationary casual employment.

Many employers expressed their disinclination to take on anyone on a permanent basis for fear of the costs associated with the unfair dismissal legislation. In 'Probationary' casual employment, employers operate within the Award but minimize their risk by maximizing the use of casual workers. For workers, the effect is to construct an additional barrier to admission into secure permanent employment and the internal labour market of the firm.

### Quasi-permanent Casual Employment

In the case of 'Probationary' casual workers, firms prefer to move them to the permanent payroll once they are satisfied with individual performance. However, sometimes workers remain permanently casual. Quasi-permanent' casual workers work on a casual basis in ongoing jobs, performing tasks indistinguishable from those of permanent workers [2].

They often begin on a short-term contract that lingers indefinitely, performing similar tasks to permanent workers, working similar hours.
and having similar longevity of service as their permanent counterparts. Casuals in this context do not necessary differ from permanent workers in any easily identifiable way.

“Quasi permanent” casual workers are found in jobs not limited by award regulations and in workplaces that do not observe award conditions (that is, in workplaces with little or no active union). ‘Quasi-permanent’ workers include those who are denied the protection of permanent work and those who willingly opt for the higher pay rate of casual work rather than the protection of permanence [3]. It floursishes where neither the employee nor the employer envisages a long-term association.

Certainly, there are ‘permanent’ casuals happy to remain casual, but the employers’ preference dominates. Even in workplaces covered by awards, some employers exploit opportunities to keep workers casual by transferring them from one Award sanctioned status to another to suit their needs and avoid a long-term commitment. Some sought to manipulate job descriptions to avoid permanency:

‘Quasi-permanent’ casual workers also include workers who, in their employer’s view, have some question over their long-term suitability for the job. Workers who for whatever reason do not meet the employer’s criteria can be held on as casuals, indefinitely or until they leave. For some, moving from contracted or casual work to a permanent position is a hurdle they will never overcome. Others remain casual while waiting for a scarce permanent vacancy to arise. Only the best will be offered permanent work, and only then if a permanent vacancy arises.

An additional incentive for employers to keep people on the casual payroll is to avoid the costs associated with superannuation. The desire to avoid the additional paperwork associated with permanent employment is also an important issue [3]. Managers’ motivations for retaining workers on a casual basis also stem from their experiences in the early 1980s when the country adopted the structural adjustment programme (SAP), when many firms shed labour. Managers found retrenching workers distressing and some considered themselves to have failed in their obligation to long-serving workers.

The best way to avoid future retrenchments is not to make a long-term promise of employment in the first place. Restructuring the workplace to employ a smaller core of permanent workers insulates managers from unpleasant decisions [2]. Casualized workers in quasi-permanent jobs have effectively lost labour security and entitlements, although the work they do is essentially the same as permanent workers. They will be the first to lose their jobs in a downturn.

Restructuring Casual Workers

‘Restructuring’ casual workers are employed before or during an internal restructure. They ‘fill gaps’ and maximize the options available to employers when reworking job roles. When changes in work organization are planned, managers limit permanent recruitment to reduce overall employment and to maximize their options for changing job roles and tasks as restructuring proceeds. Firms intending to restructure their operations (or sections of their operations) will avoid taking on permanent employees in the months leading up to the restructuring [2]. Using casual workers gives managers the flexibility to recruit specifically for the new structure when the time is right.

For casuals employed during a restructuring process, compliance becomes an important employment criterion. Unlike the recruitment of casuals as prospective permanent employees, managers who are restructuring their operations wish to transform work culture and use casual staff to challenge long-standing work practices perceived as out of step with the organization’s new strategies and directions. Casual workers are perfect for this role given their desire to work, the enticement of the possibility of permanent work and their lack of familiarity with existing practices in the organization [2]. Managers then seek casual workers who are ‘hungry’ or desperate for work, and recruit outside the firm’s usual networks.

'Restructuring' casuals who fit with the management's view of a new work culture may later be retained to form the core of a new post-restructuring workforce. The new workers are not social peers of the previous workforce and their employment represents a break with previous traditions and culture of the workplace.

Technical-Organizational Casual Workers

Technical-organizational casual workers have specific, specialist, but not firm specific skills and include outsourced administrative, maintenance and transport workers [2]. Both the work and the workers have a continuing role.

For the most part ‘Technical-organizational’ casual workers hold jobs not directly involved in core production. In fact, some firms consciously divide their workforce into ‘direct’ and ‘indirect’ workers, depending on their position in the production process, and aspire to offer permanent employment only to direct producers of the product (to safeguard quality standards).

This form of casualization allows firms to reduce their core labour force and is prompted more by downsizing to meet competitive pressure than by fluctuating market conditions [4]. It is widespread in administrative and clerical occupations because:

Computer software packages standardize processes and reduce the scope for human error. As more firms introduce fully integrated and computerized inventory, accounts and warehousing systems, skills in these areas are becoming progressively less firm specific. There are compelling economic incentives for the ‘lean’ manufacturing firm to divert these functions to outsourced experts. Filling a vacancy with a new permanent employee is unlikely if computerization is a firm’s longer term aim.

The gendered nature of labour supply ensures an ample supply of women with computing and accounting skills who are available for part-time and intermittent work. If they are not seeking full-time work, the slightly higher pay rate of casual status may appeal, especially where no long-term association with the employing firm is envisaged. Employers take advantage of this ready and willing labour supply [5]. If office workers are unionized they are certainly not in the same union as production workers, and social relations distance them from production workers' support. The absence of collective resistance eases the casualization process [6].

With technological advances and declining numbers of production level employees, specialist administrative functions are still needed, but the volume of work is no longer sufficient to justify a full-time position. Casual work is one method of ‘outourcing’ indespensible but less than full-time roles. The employment conditions of ‘Technical-organizational’ casuals vary with the socially constructed status of different jobs. For example, (male) computer programmers are employed as consultants; women in data entry are casual part-timers, and truck-drivers may be simply on-call casual. The workers who hold these jobs have clearly definable, readily accessible generic technical or
administrative skills. The casualization of administrative, support and distribution jobs occurs independently of the casualization of production-level employment, and is widespread even in those firms with a preference for a high proportion of permanent staff in production areas.

Labour Pool Casual Workers

‘Labour pool’ casual workers provide numerical flexibility to accommodate product market fluctuations [1]. Both the workers and the work are short-term; although employers strive to develop long-term associations with their reserve labour force. A firm’s position in the labour market is related to its position in the product market [7]. In the past, manufacturing firms often maintained a staff establishment that could cope with the peaks in demand.

In the Nigerian market, employers practiced well-rehearsed strategies to manage their product and labour requirements. Peaks in demand were accommodated by overtime and detailed planning of production, with the costs borne partly by workers through loss of overtime and bonuses. For many firms the product market is now too volatile to rely on in house flexibility. Some firms have ceased production of the stock items that cannot compete against imports, some have retreated to niche markets and others have adopted a ‘Quick Response’ style of workplace organization where inventory is kept to an absolute minimum [7].

These firms then need reliable relief staff to meet unanticipated fluctuations in demand, respond to irregular peaks in production and cover for absences. Managers can extend their labour force by creating an extended internal labour market [7]. ‘Labour pool’ casuals constitute a reserve army of reliable and trained labour that can be drawn on at peak times and in emergencies, allowing the employing firm to reduce its full-time staff establishment to a lower level than would otherwise be required.

Employers prefer casual relieving workers who are able to perform a number of tasks and who are willing and able to adapt to a variety of roles. They want people who can ‘slot in’ as required. In small businesses with minimal resources for recruitment, family members and friends are brought in at the busy times. In larger firms relieving casual workers are almost invariably connected to the existing workforce in some way and are usually recruited by the existing workforce [1]. Where the work is seasonal and relatively predictable, employers prefer people who do not see the casual job as their primary role. These are people with no expectation or desire for ongoing employment, but who can be relied on to reappear each season. Rural food industry manufacturers take on casual workers for ‘the season’ (which is a specific time period under the relevant award). Employers recruit workers from farm backgrounds in preference to the unemployed workers in the township.

The unemployed do not make the best reserve casual employees because they are liable to leave when a more lucrative or permanent position presents itself. Nor are they likely to be available as a longer term relief labour force. Employers apparently value those who either do not wish to work more than a few hours per fortnight or people who have trouble finding work elsewhere. People employed as regular reserve casuals are drawn mainly from those who are not actively seeking work and who, by definitions, would be classified as ‘not in the labour force’.

They also include discouraged workers who no longer actively seek employment but who are available when called. Home-based women fill the reserve casual role, so long as family responsibilities do not limit their availability. Former employees, especially women with young families, provide another source of reserve labour [1].

The pool of casual recruits expands through the recommendations of existing staff and other pool members and becomes an extended network that ‘fits’ on a social level with existing workers. Social links to the firm reinforce a social obligation to be available when required and minimizes niggling problems such as theft. Finding and maintaining a reliable casual worker pool can be costly. Some firms keep a list of names of casual workers who have performed well on previous occasions. Reliable casuals are always home when called and never have other activities that prevent them from coming to work. They can tolerate lengthy periods without work and are willing to work at odd times and without a routine [1].

To maintain sufficient numbers of auxiliary workers, employers actively manage the labour pool, offering a number of people a little work each from time to time. In this way, they maintain a pool of people available at short notice. Some employers even test each casual worker’s willingness to go without work and refine the frequency of contact needed to keep the labour pool functioning.

It is not in employers’ interests to offer any individual additional hours of work because it is more important, from their point of view, to balance the available work across a group of workers. For workers, it is unlikely that employment in a casual labour pool will lead to more regular employment, at least not with that employer. This form of casual work is certainly a ‘trap’ rather than a ‘bridge’ to a better job [1]. It seems that the growth of the ‘Labour pool’ casual workforce is not purely demand or supply driven.

Its expansion is the coincidence of shifting demand and a more than adequate labour supply of workers with the skills and aptitudes required by manufacturing firms. The reserve pool is an example of employers tailoring their recruitment strategies to specifically target disadvantaged segments of the local community.

Agency Casuals

Despite the advantages of a labour pool, administering one is costly and somebody must take responsibility for maintaining contact. Furthermore, it is only possible to maintain a pool when there is sufficient work to keep the casual pool members interested. When the casual pool cannot be maintained, using a casual employment agency becomes a preferred option. ‘Agency’ casual workers are employed by an employment agency and contracted to the manufacturing firm [1]. The work is short term, as is the employment of the worker.

When a firm employs casual staff through an agency the workers are employed by the agency that is responsible for the administration of the employment relation. By contracting with the agency for the supply of labour, the firm distances itself from unfair dismissal, Work cover and superannuation. Agency employment also removes problems of managing casual employees and insulates the firm from risk [1]. The ability to simply return an employee who does not suit is another advantage. Using labour from an agency makes a reality the Taylorist ideal of labour as a simple commodity, just another input in the production process.

Agency employed casual workers are not linked into the existing workplace culture. Longer term associations link the firm and the
worker to the agency rather than to each other. The shift to agency-based employment has considerable implications for the labour market since it represents a clear break from informal recruitment networks. In the longer term agency-based employment will reduce the numbers of people who have access to some intermittent and casual ‘Labour pool’ employment. If agency workers work the equivalent of a full-time job (or more) at different locations, then work will be spread between a smaller numbers of people than in the reserve labour pooling system.

Causes of Casualization in the Manufacturing Sector in Nigeria

There are different motivations for employing casual workers, different types of casual work, and the different sections of the labour force targeted by each lead to more general observations about the nature or casual employment.

The sections below survey the growth of casual employment in terms of changes in recruitment strategies, responses to labour regulation, labour costs, labour flexibility, labour control and finally labour market restructuring.

Recruitment Strategies

In times of high unemployment, labour turnover decreases and firms need to hire less frequently. However, the task of finding suitable recruits amid high numbers of potential applicants of unknown quality challenges long-standing recruitment practices [1]. Not only has the recruitment process become more complex, but also in a ‘buyers’ market’ employers have upgraded their recruitment criteria. The growth of casual work is part of the shift to tighter, more employer-friendly recruitment practices. The rise of ‘Probationary’ casual employment is a direct consequence of conscious management of the recruitment process that creates a barrier between the internal labour market of the firm and the high numbers of jobs seekers in the community. It is likely that ‘Probationary’ casual employment inflates estimates of casual employment by creating an artificial new casual job before each new permanent job starts.

Labour Regulation

Changes in the industrial relations environment have opened opportunities for employers to alter their labour market strategies. ‘Quasi-permanent’ casual work and the practice of switching workers between different casual employment modes shows that some firms are actively pushing at the margins of industrial legislation to extend casual work [8]. In firms with active union membership, it was difficult for managers to increase their use of casual labour. At the same time, firms with active union membership had an incentive to introduce forms of casual work that undermined the cohesiveness of worker organizations.

The use of casual workers to avoid labour regulation applies primarily to ‘Quasi-permanent’ casual workers. Casual work from this perspective is a frontier in workplace struggles over labour issues. Many employers attributed their preferences for casual labour to the inflexibilities of labour market regulations, especially unfair dismissal laws. In a politically charged environment, employers emphasized casual work as a response to the regulations that, in their view, created barriers to the operation of the free market for labour [8]. Some argued that the removal of regulations such unfair dismissal, compulsory superannuation, and other worker protection measures would promote permanent recruitment and job growth generally. What is important is that employers were sufficiently anxious about unfair dismissal legislation to have altered their recruitment practices.

Labour Costs

Employers were not certain whether or not relying on casual employment produced a cost saving. Provided that award rates are paid, the casual rate is higher than the permanent pay rate, but employers save on sick, holiday and long-service leave, as well as superannuation contributions. Overall, managers did not emphasize cost advantage as a primary motive for casual recruitment. They generally concluded that there is little overall cost difference (hour-for-hour) between permanent and casual workers once the extra entitlements of permanent employees were taken into account. The consensus seemed to be that the direct cost difference between casual and permanent employees is insignificant, but that the indirect costs-the costs of staff turnover and recruitment, absenteeism, redundancy and carrying ineffective or disruptive workers-are important [9].

Labour Flexibility

The increase in the use of casual workers is indicative of a shift in management ideology to notions of the ‘flexible firm’ [10]. Employer organizations such as the Nigerian Employers Association have promoted competitive ‘new management strategies’ that integrate the management of labour into the overall objectives of the business, extending management control in a model of employer driven-flexibility [11,12]. Dawkins and Norris, for example, argue that "casualization has added flexibility on both the demand and supply sides of the market’ [13]. Competition has pushed manufacturers to produce goods at ever-shorter lead times, exacerbating peaks and troughs in production [8].

Firms have dropped uncompetitive stock lines that had previously been produced in the slow times to smooth seasonal changes in labour needs. In this environment, casual employment is presented as a method of increasing numerical flexibility to manage an increasingly volatile product market. In reality, only the ‘Labour pool’ and ‘Agency’ casuals address short-term variability in production. ‘Quasi-permanent’ casuals also provide numerical flexibility, but not in response to short-term product market volatility.

They enable firms to adjust their labour force in the medium term with changes in the business cycle. The essential point is not volatility, but the fact that managers responded to continuing uncertainty by reducing the number of core workers promised long-term ongoing work. The relative numbers of ‘Labour pool’ and ‘Agency’ casuals in the casual workforce are a measure how important short-term variability in product markets is to the growth of casual work.

Labour Control

The conflicting relations between labour and management in the workplace shape employment practices [9]. The use of casual workers extends management control and provides a means to intensify work processes. The recruitment of both ‘Probationary’ and ‘Quasi-permanent’ casual workers leads to a more compliant labour force than would have resulted from direct recruitment to permanent positions. Casual workers work side by side with permanent employees, often with identical job roles. Over time, a second-tier of permanently casual employees and jobs may emerge. Such an eventuality would change the
internal dynamics of workplaces, generate a division between casual and permanent workers, and consolidate the perceived advantage of the core of permanent workers.

Negotiations about wages and conditions occur primarily within the core permanent full-time workers [2]. As probationary casual work becomes a routine filtering device, the handpicked workers selected for permanency will become more closely aligned to management interests. In a two-tiered workforce, management and the permanent workforce could negotiate mutually satisfactory industrial arrangements by offsetting costs to the casualized segment of the workforce. This would further strengthen management control and increase the divide between permanent and casual workers.

**Labour Market Restructuring**

As a result of long-standing gender-based divisions in a segmented labour market, women and men inhabit different occupations [14]. Men and women also have different patterns of participation in casual work. In the manufacturing sector, women are more likely to be casual workers and more likely to work in jobs that are both casual and part-time. In 1995, 26.2% of women working in manufacturing jobs were casual compared to only 10.6% of men. Furthermore, three-quarters (73.1%) of the women who worked on a casual basis were both casual and part-time.

In contrast, 55.8% of casually employed men are both casual and part-time [15]. Studies on different forms of casual work have highlighted the fact that casual employees often have the same characteristics as permanent employees in similar jobs. Casualization has, it seems, preserved the gendered character of job allocation.

The possible exception is technical organizational casual jobs where women employed on a part-time basis have replaced full-time administrative jobs in ‘downsized’ firms [15].

Casual work exists at the interface between the external (local) and internal (firm) labour markets. The characteristic of the local labour market in which a firm operates determines labour availability and shapes the options and strategies available to employers [16]. Even the decision to meet labour needs by taking on extra workers rather than by some other means (such as additional overtime) is shaped by employers’ perceptions of quality of labour in the local labour market.

Supply-side factors are important to the growth of casual employment because recruitment strategies adapt to access an available labour supply and employers know that they can find that caliper of worker they require among people who are available for casual work. Labour pools and outsourcing can only exist where there is an ample supply of skills external to the firm. Outsourcing technical services links firms into, and forces them to negotiate with, community and household structures. It spreads the available work among a larger number of intermittent or part-time employees, albeit without employment security. Labour pooling systems also link the firm to the community, but target a supply of workers who are disadvantaged; they are more exploitative of their disadvantage. Nevertheless, if some work is better than no work, there is an ample supply of willing-recruits.

Agency employment, on the other hand, disengages the firm from its community base. It serves managerial objectives to further disempower workers in the workplace by reducing labour to simple production input. Agencies also concentrate the work, distributing work to a smaller number of full-time (or close to full-time) workers. The growth of different forms of casual work therefore has wide-reaching implications for the changing structure of the labour market and the shifting relationship of firms to the communities and households in which they operate.

It is among the ‘Labour pool’ and ‘Agency’ casual workers that we would expect to find the most intermittent and insecure patterns of employment. ‘Probationary’ casual workers who fail to meet employer expectations could also expect to experience repeated spells of short (three-month) employment periods. ‘Quasi-permanent’ casual workers are more secure in the short term but are vulnerable in the medium term to dismissal at low points in the business cycle.

**Conclusion**

Decisions about casual employment are recruitment decisions made at the firm level. Recruitment research suggests that firms’ recruitment practices tend to be ad-hoc, firm specific and institutionalized; a product of a firm’s history, custom, and routine practices [7]. The rise of casual work represents a substantial shift in approaches to recruitment, stemming partly from employers’ unwillingness to commit to permanent employment until they are certain that a potential recruit meets their expectations; and partly from unstable business conditions. Its growth is constrained by labour market conditions external to the firm, labour market regulations and union activity.

Considerable heterogeneity is evident in casual recruitment. Different types and uses of casual workers derive from firms’ internal labour needs and industrial relations environments. These type of employment are shaped in turn by external factors; the perceived quality of the supply of labour in the local community and by firms’ responses to labour market regulation. The growth of casual work is transforming the internal labour markets of firms, altering the relationship between firms and their local labour markets, and producing a stratum of workers who have little prospect of gaining permanent work. The devolution of industrial relations practice to firm level will intensify that process.

**References**