CASUALIZATION & EMPLOYEE MORALE IN THE OIL INDUSTRY: 
A CASE STUDY OF SHELL COMPANIES IN NIGERIA

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ABSTRACT
This study empirically investigates the nexus between Casualization and Employee Morale in the Oil industry, using Shell Companies in Nigeria (SCiN) as a case study. The ‘Convenience Sampling Technique’ was used to assess the sample size of 200 employees. Data was analyzed via Spearman Rank Order Correlation Coefficient, with the aid of Statistical Package for Social Science (SPSS) Version 27. The Findings revealed that: Casualization is significantly related to Employee Morale. It was concluded that all dimensions of the exogenous variable should be encouraged. All of which is to achieve high employee morale. Thus, the study recommends that: Management should allow casual workers access to certain perks and benefits such as: health benefits, performance bonuses, transportation allowances, etc. and they also should be allowed to have a workers’ union for collective bargaining, sustained compensation policies, work on reducing stigmatization and focus on improving work conditions in order to achieve ‘high’ employee morale.

Keywords: Casualization, Employee Morale, Employee Status, Pay Package, Stigmatization and Work Condition.
1. INTRODUCTION

Employee Morale is purely emotional, and it is an attitude of an employee towards his job, his colleagues, his boss and his organization. This description, however, has been criticized as being too vague (Roethlisberger, 1941). Employee Morale (EM) is also defined as the extent to which an individual feel about his/her work and work environment (McKnight, Ahmad & Schroeder, 2001).

Nabinayagan & Gowsalya (2017) averred that employee morale refers to an attitude of satisfaction, with a desire to continue and strive for attaining the objectives of a workplace. Furthermore, employee morale is defined as how satisfied an employee is; how he looks at the organization and his/her feelings towards the organization (Hillary & Balu, 2018). Employee morale is the total satisfaction that employees derive from their job, their team, bosses, organization and workplace (Kanimozhi & Vinothkumar, 2018).

Employee morale is a fundamental component of business operations (Gemmill & Oakley, 1992; Ngambi, 2011). Types of morale include: ‘High’ and ‘Low’ morale. The former, leads to zeal among the workers for better performance; the advantages of which include: Employee Empowerment, Loyalty to the Organization, Leadership and Team Building, etc. (Denney, 2003). While the latter, indicates the presence of mental unrest; the consequences of which include high rates of absenteeism and labour turnover, frustration among the workers, excessive complaints and grievances, etc. (Ford, McLaughlin & Newstrom, 2003; Susan, Linda & Huddleston, 2006).

‘Employee morale is a vital ingredient for organizational success because it reflects the attitude and sentiments of members of staff towards the organization’s objectives and policies (Kanimozhi & Vinothkumar, 2018). Moreover, employee morale is bifurcated into ‘positive attitude towards fellow employees’ and ‘job satisfaction’ (Baehr & Renck, 1958). Consequently, an employee is said to have a ‘high’ morale if there is a high manifestation of these two indicators.

Casualization depicts the process of work in organizations whereby workers are employed on a contract, part time, a temporary or seasonal basis without a legally recognized employment contract (Oludele, 2012). Thus, it implies that an employee is not recognized as a staff; with reference to the employee casualization policy, and hence, treated as a third party.

Conceptual Clarification

What really is ‘Casual’ or ‘Temporary’ Work?

Kalejaiye, Peter Oluwadare (2014) posits that: “there is no standard definition for casual work”. Kalejaiye (2014) however concedes that common characteristics that aptly describe casual jobs state that such jobs:

1. Are short-term, or temporary?
2. Involve irregular hours?
3. Are not guaranteed to be ongoing?
Kalejaiye (2014) concludes that casualization is a source of continuing and ongoing conflict between workers, labour unions and employers worldwide; due to the real or perceived unfair labour practices associated with it. The employers, however, justify it as flexible, inexpensive and resource optimizing.

Casual workers are sometimes interchangeably called or referred to as: ‘contract’, ‘seasonal’, ‘interim’, ‘outsourced’, ‘freelance’, etc. In some other instances, temporary highly skilled professionals (particularly in fields such as: HR, R&D, Engineering and Accounting) are referred to as consultants.

Under the casualization policy, employees are often categorized as ‘direct’ or ‘indirect’ contract staff. The direct contract staff though treated as a third party; are usually under some Payroll of the employer. While the indirect contract staff are under the Payroll of Labour Contractor (labour supplier) that serves as an intermediary between the employee and employer.

Adémólá-Ólátéjú, Bámidélé (2015) in his article: ‘Labouring In Vain: Is Casualization the Future of Work?’. Premium Times, September 29, 2015 writes: “The casual worker is totally expendable. His work is determined on an hour-to-hour, week-to-week or year-to-year basis. If casual work is the prime source of income to an employee, that employee faces a serious living challenge. He cannot predict his earning and cannot define his time”.

Adémólá-Ólátéjú, Bámidélé (2015) further states that: “Casual work is bad in Nigeria, it is like working on a slave plantation. The essence of casual work in Nigeria is indentured servitude. Casual workers are locked in abysmally bad conditions of work, such as employment insecurity, irregular hours, intermittent employment, low wages and an absence of paid entitlements.”

Most casual jobs have a contract renewal between the Organization and Labour Contractor annually; or, at any other specified durations as enshrined in the Agreement (Simeon & Daniel, 2018).

Danesi (2002) posits that organizations use casualization to maximize profit, reduce costs and to checkmate unionism in the workforce. Similarly, Fapohunda (2012) submits that it is a vital tool for cost reduction, which translates to profit maximization.

For the purpose of this study, ‘Casualization of Employment’ can be viewed from the perspectives of its impact on: Employee Status, Pay Packages, Stigmatization, and Work Conditions.

The oil industry in Nigeria is positively related to the economy and referred to as the ‘economic engine’ of the country. Since employees are one of several important factors that affect the well-being of an organization; they are responsible for the achievement of organizational goals and as such need a high morale in the workplace.

Statistics have revealed that 85% of casual employees’ morale suddenly decreased after the first 6 months on the job. This is as a result of factors, or elements that need to be improved upon such as: fellow employees and job satisfaction (Baehr & Renck, 1958; Mbah & Ikemefuna, 2012).
Past research about factors that influence the morale of employees and how to improve it is scanty in Nigeria and specifically in the oil industry sector. Previous studies (Susan, Linda & Huddleston, 2006) found that to maintain or improve employee morale, management must understand and be able to identify the factors that contribute to high morale among their workers.

Based on the aforementioned, this study seeks to investigate the nexus between casualization and employee morale in the oil industry. Consequently, direct evidence was obtained from casual employees of SCiN themselves via administering questionnaires requesting them to provide answers stating issues or factors that affected their morale or self-esteem while carrying out their work.

In carrying out the study, focus was targeted at finding out what specific factors drive ‘low’ or ‘high’ morale amongst the SCiN casual staffers who participated in the study.

2. LITERATURE REVIEW

Theoretical Framework

The theoretical framework being tested in this study suggests that casualization of employment impacts the morale of oil industry workers. Hence, the ‘Equity Theory’ was adopted to serve as an underpinning theory for this study.

Historically, Adams has been given credit for the proposition of the Equity Theory (Adams, 1963). Animashaun, O. (2007) states that Equity Theory holds that ‘employees cognitively make comparison of their inputs into an organization with that of a comparable person, or persons (similar in inputs) within and outside the organization’.

In a situation, where they perceive any form of imbalance between two inputs; Hipple (1998), Gallagher & Sverke (2005) state that ‘it in turn brings about many kinds of negative work behaviour such as: high absenteeism, lateness to work, lack of enthusiasm, jealousy and all manner of disputes among the staff, etc.’

There is also an easy resort to negative work behaviour (large amounts of error in work, low productivity and high job insecurity); if the casualized and demoralized employees perceive inequity. Danesi, R. A. (2011) says ‘this implies that the work behaviour of a casualized employee and his/her morale is a function of the equity (equity or inequity) perceived’.

The Oil Industry and Casualization

The vast nature of exploration and production activities of Shell Companies in Nigeria (SCiN) directly mirrors the entire scope of upstream production in the oil and gas industry of Nigeria.

SCiN have also pioneered many industry-wide processes and policies including ‘casualization of manpower’ which they have practiced for several decades now. Hence, SCiN are a very useful source from which to obtain a solid representative sample source while modeling for the entire casualization industry in Nigeria.
As part of their human capital management policy; SCiN routinely contract out casual jobs termed ‘contract jobs’. These contract jobs are often for roles and job functions which are not necessarily short-term in nature and with some of the jobs requiring highly specialized skills.

According to the International Labour Organization (ILO) (2007), ‘casuals’ are workers who have an explicit or implicit contract of employment, which does not continue for more than a short period, whose duration is to be determined by national circumstances (Fapohunda, 2012).

Since the turn of the 20th century however, the use of casual workers has trended across many industries in Nigeria and found great acceptance particularly in the oil and gas industry. Several International Oil Companies (IOCs) and multinational corporations have blazed the trail with this practice in Nigeria.

Fapohunda (2012) opines that ‘the growth in irregular work has changed the nature of employment from a labour relationship to a commercial relationship, with the employee taking all the risks.’ This has led to a sharp worldwide rise in casual employment and a corresponding parallel rise in the gap between wages and benefits paid to permanent and casual workers.

‘The use of casualization as a business model involves the strategic substitution of full-time workers with contract and/or agency labour’ says Fapohunda (2012).

“The total number of casual workers in Nigeria is hard to pin down. Some unions posit that for every full-time worker there are four casual workers. Some other workers however put the ratio at an alarming one to nine. Both estimates clearly suggest a rapid growth in casualization especially from 1999-2009. According to the International Labour Organization (ILO) (using trade union figures), the estimated ratio was about one to three” (Fapohunda, 2012).

Thus, casualization has gained increasing popularity in Nigeria as an effective means of controlling labour cost. Many businesses ‘use it as a strategy for maintaining the right numbers of skilled and competent manpower as and when needed, while effectively running the firm without necessarily carrying a high wage bill all through the year’ (Danesi, 2011; Fapohunda, 2012).

**Employee Status:** According to Tweedie (2011), casual work has the tendency to demoralize an employee’s workplace esteem via the “uncommon attention” given to casual workers in the workplace. Oludele (2015) insists that casualization and job insecurity are the greatest bane being encountered by employees in the Nigerian oil industry sector today. The negative perception associated with ‘casual work’ suggests the feeling a casual worker will have, when compared with another employee whose status is a permanent staff/worker. This perceived unfairness naturally demoralizes workers and gives them a feeling of having ‘inferior’ employee status to their colleagues with permanent employment. This conclusion gives the impression of casualization being a big factor on employee morale (Ogbe, Olubunmi & Okorode, 2019).

**Pay Packages:** Fapohunda (2012) argued that remuneration for casual workers is incomparable to that of permanent workers. They are not allowed to be organized and benefit from collective bargaining agreements. Fapohunda (2012) further states that “all employees should be given an opportunity to progress and to earn high wages without any discrimination. Every employee
(permanent or casual) expects adequate pay package for their services rendered to the organization. Thus, a good system of wages, salaries, promotions, and other incentives keeps the morale of the employees high.”

**Stigmatization:** Kalejaiye (2014) says that stigmatization is evident in those industries where casual workers are performing the same tasks as workers on more standard employment contracts. According to Tweedie (2011), “the lack of rights and minimal legal status of casual work threatens not only these workers’ access to resources and entitlements, but also to the type of self-respect that equal rights support.” Tweedie (2011) opines that ‘dual employment (permanent and casual) systems within the workplace tend to formalize unwarranted hierarchies, and a contradictory category of long-term ‘casuals’ may in turn threaten workers’ conceptions of themselves as sharing a basic equality with other workers on these terms.

**Work Condition:** Bound, Evans, Sadik & Karmel (2018) posit that casualization dampens the possibilities of furthering a career path. Due to the work conditions, casual work does not allow for career progression when compared to permanent work. Ogbe, Olubunmi & Okorode, (2019) posit that ‘when the work condition is fair, job is secure and there are opportunities for promotion; job satisfaction and morale are likely to be high.’ Thus, a favourable physical work environment, job security and other allied factors exercise a significant influence on employee morale (Ogbe, Olubunmi & Okorode, 2019).

**Employee Morale**

Ogbe, Olubunmi & Okorode (2019) state that ‘attitudes, feelings and emotions of employees play a vital role to determine their outcome and behavior at work; which also is a determinant of the success and growth of the organization.’

It is for the above reasons by Ogbe, Olubunmi & Okorode (2019) that organizations have been vocal about improving employee morale. Employee morale is a vital element for organizational success because it reflects the attitudes and sentiments of organizational staff members towards the organization, its objectives and policies (Bernardin, 2003).

Research by Ogbe, Olubunmi & Okorode (2019) shows that employees with high morale take greater interest in their job; feel a sense of identity with the organization and take pride in it. ‘High morale is an index of sound industrial relations practice, which equally helps the management in overcoming labour-turnover, absenteeism, indiscipline, grievances and other labour problems’ (Aswathappa, 2005).

For an employee to be satisfied with his/her work, it implies an acceptance by and companionship of his colleagues. Ogbe, Olubunmi & Okorode (2019) thus conclude that ‘if an employee has confidence in his fellow employees and their reliability in working together, his morale will be high.

Ogbe, Olubunmi & Okorode (2019) also state that ‘poor attitude of a colleague influences others. For instance, working with an individual who only speaks about the low points of an organization, can affect the output of work. It may lead to a negative mindset and is certainly not a morale booster.’ Thus, when an employee is confident that his fellows are ready to work in
synergy with him at any point in time; his morale is likely to be good (Baehr & Renck, 1958; Mbah & Ikemefuna, 2012).

Job satisfaction is a key determinant to an employee’s increased performance in the workplace (Baehr & Renck, 1958). Armstrong (2006) opined that job satisfaction is related to the attitudes and feelings people have about their work. From the context of this study, job satisfaction describes the ability of a job to meet the demands and expectations of an employee within a workplace; which is a reflection of the employee’s attitude towards work, such as his attention to his job role, attention to details and his ability to meet deadlines.

Consequently, Ogbe, Olubunmi & Okorode (2019) assert: ‘if job factors and satisfaction are perceived to be favourable to employees, there is the tendency for high morale compared to the factors, when it seems unfavourable.’ ‘If the job gives an employee opportunity to prove his talents and develop his personality; he will certainly like it and he will have high morale’ (Baehr & Renck, 1958; Mbah & Ikemefuna, 2012).

Empirical Review

Kayii and Dagogo (2017) empirically investigated the nexus between casualization and job satisfaction among the contract staff in Rivers State University, Port Harcourt. With the aid of the stratified random sampling technique, using a sample of 120 employees, data were analyzed with Pearson’s (r) product moment correlation coefficient. It was found that pay package is positively correlated (p < 0.05) with job satisfaction. The authors recommended that only employees who have clean records should be absorbed as casual staff.

Fapohunda (2012) examined employment casualization and degradation of work in Nigeria. Sampling 135 respondents, the simple percentage and chi square statistical tools were used for data analysis. The findings show that remuneration for contract staff is not fair, or comparable to that of permanent workers. But the ‘casuals’ are denied the rights to organize and benefit from collective bargaining agreement. It was recommended that casualization be abolished completely from the employment system.
Operational Framework

Figure 1: Operational Framework

Hypotheses:

The hypotheses for this study are formulated as follows:

- **H0₁**: There is no significant relationship between employee status and employee morale.
- **H0₂**: There is no significant relationship between pay package and employee morale.
- **H0₃**: There is no significant relationship between stigmatization and employee morale.
- **H0₄**: There is no significant relationship between work condition and employee morale.

3. METHOD

This study adopts the cross-sectional survey design which is an aspect of quasi-experimental research design to examine the nexus between casualization and employee morale in the oil industry. The cross-sectional survey design is appropriate given that the total population cannot be studied.

The target population for the study consists of all contract staffers of Shell Companies in Nigeria (SCiN). These are estimated to be about twenty thousand in number. However, given the difficulty in reaching the entire target population for the study, an accessible population was
drawn, which comprises of two hundred (200) employees (Source: SCoN, Human Resources Department, Lagos, 2020).

Non-probability sampling method was adopted. Specifically, convenience sampling technique was adopted. Here sampling items are solely left for the researcher to select and the items he chooses are considered supreme (Katharine & Gara, 2014), while observing validity and reliability.

The data analysis techniques to be used for the study are basically descriptive statistical measures which include tables, frequencies, and simple percentages. The hypotheses will be tested using the Spearman Rank Order Correlation Coefficient.

This technique was adopted due to the need to establish a linear relationship between the exogenous and endogenous variables with the aid of the questionnaire items and the ordinal nature of the responses required. Additionally, the Statistical Package for Social Sciences (SPSS) Version 27 was used in analyzing the research data. The formula is stated thus;

$$Rho = \frac{6\sum d_i^2}{n(n^2 - 1)}$$

Where:
- $d$ = Difference between the two ranks of each observation
- $n$ = Number of observations

Data Analysis

Bivariate Data Analysis

This section examines the association between the dimensions of casualization and employee morale which constitutes the objective of the study. Hypotheses for this study were formulated and tested using the Spearman Rank Order Correlation Coefficient statistical technique at a 95% confidence interval. The decision rule is set at a critical region of $p > 0.05$ for acceptance of the null hypothesis and $p < 0.05$ for rejection of the null hypothesis. Although, two hundred (200) copies of the questionnaire were administered, only one hundred and sixty-five (165) were retrieved and analyzed.
There is no significant relationship between employee status and employee morale. The table above reveals that there is a strong, positive and significant relationship between employee status and employee morale (where rho = .678 and p = 0.000) and based on the decision rule of p < 0.05 for null rejection. Hence, there is a significant relationship between employee status and employee morale.

There is no significant relationship between pay packages and employee morale. The table above reveals that there is a strong, positive and significant relationship between pay packages and employee morale (where rho = .745 and p = 0.000) and based on the decision rule of p < 0.05 the study rejected the null hypothesis. Hence, there is a significant relationship between pay packages and employee morale.
**H03: Stigmatization and Employee Morale**

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<th>Stigmatization</th>
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<td><strong>Spearman’s rho</strong></td>
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<tr>
<td>Stigmatization</td>
<td>Correlation</td>
<td>.866**</td>
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<td>Coefficient</td>
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<td>Sig. (2-tailed)</td>
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<td><strong>Employee Morale</strong></td>
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<td>Correlation</td>
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**. Correlation is significant at the 0.05 level (2-tailed).**

**H03:** There is no significant relationship between stigmatization and employee morale. The table above reveals that there is a strong, positive and significant relationship between stigmatization and employee morale (where rho = .866 and p = 0.000) and based on the decision rule of p < 0.05 the study rejected the null hypothesis. Hence, there is a significant relationship between stigmatization and employee morale.

**H04: Work Condition and Employee Morale**

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<td><strong>Spearman’s rho</strong></td>
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<tr>
<td>Work Condition</td>
<td>Correlation</td>
<td>.655**</td>
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<td><strong>Employee Morale</strong></td>
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<td>Correlation</td>
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**. Correlation is significant at the 0.05 level (2-tailed).**

**H04:** There is no significant relationship between work condition and employee morale. The table above reveals that there is a strong, positive and significant relationship between work condition and employee morale (where rho = .655 and p = 0.000) and based on the decision rule of p < 0.05 the study rejected the null hypothesis. Hence, there is a significant relationship between work condition and employee morale.

4. FINDINGS

Results from hypotheses one to four reveal that casualization magnifies employee morale in the oil industry. This is evident because similar studies conducted in this regard came out pointing to these facts. For instance, the outcome of this study aligns with the studies of Fapohunda (2012), and the study of Kayii and Dagogo (2017), which both demonstrated a significant positive relationship between casualization and employee morale.
Results from this study show that casualization policy and its various ramifications directly affect Employee Morale. Hence, performance and effectiveness of casual workers in the oil industry work environment of Nigeria will be impacted by morale swings. These performance fluctuations arise because morale determines the willingness and ability of a worker to perform optimally at the workplace.

The study posits that there is a direct relationship between casualization and employee morale and that work status, stigmatization, work condition and pay package all directly impact morale and the feeling of ‘well-being’ of an employee.

Employees don’t like being referred to as casual workers. They see it as some form of stigmatization. They are also very disgruntled with the perceptions of their names being written in pencil on the books of the firm leading to a lack of dedicated service.

The relatively poor compensation benefits compared to permanent staff are another major source of concern that does not allow casual employees increase their productivity beyond the minimum required level and makes such workers erase from their minds any thoughts of trying to drive any form of innovation to boost operations.

At the end of the day, casualization leads to continuous labour turnover and agitation.

5. CONCLUSION & RECOMMENDATIONS

Conclusion

This study concludes that there is a direct relationship between casualization (Employee Status, Pay Package, Stigmatization, and Work Condition) and employee morale. Consequently, all dimensions of the exogenous variable should be encouraged. All of which is to achieve high employee morale. Furthermore, as casualization indicates continuous employee turnover and with the significant effect on employee morale, the oil industry should think inwards on ways to maintain high employee morale.

Recommendations

(i) Management should allow casual workers access to certain benefits such as health benefits, bonuses, transport allowances, and be allowed to have a union with which to push their collective bargaining interests.

(ii) Management should also work on strong and sustained compensation policies that bridge the gap between the payrolls of the different types of employees.

(iii) Management should work on reducing stigmatization by increasing employees’ morale through fellow workers’ acceptance and enhancing job satisfaction.

(iv) Improving work conditions, including providing similar training opportunities and facilitating employee status conversion processes in order to heighten employee morale.
REFERENCES


