

## **Contract Staffing and Employee Engagement in the Oil and Gas Industry in Nigeria (A Case Study of Shell Petroleum Development Company (Spdc) West, Nigeria)**

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### ***1.0 Introduction***

In the time past, working and looking forward to retirement gratuities, pension pay and other benefits were the prime motivators for employee commitment and attachment to various organizations; both public and private enterprises. This trend was continued till late 80s when the plague of unemployment started to become a national crisis. The growth rate of unemployment since then, has continued astronomically and still on the rise.

Employers took advantage of the ugly development characteristic of third world nations, not only to profiteer, but also to enslave the worker in the saturated Nigerian labour market. This brought about a work arrangement known as contract staffing, casualization or outsourcing characterized by a loose or non-committal employer obligation to employee. It appears that the oil and gas industry takes the lead in this non-standard work arrangement as it is estimated that nearly 90% of its workforce in the present dispensation is on contract terms of employment. Adenugba (2006) and Uvieghara (2001) stated that in 1980, Mobil Oil Nigeria Limited (Marketing Unit) had 195 permanent junior employees. By 1991, the figure had reduced to 28. The production section of Mobil had over 400 permanent junior staff in 1980. By 1991, the figure had reduced to 80. Reports further have it that as at 2013, all junior employees and middle class employees had been converted to contract employees in Mobil.

In SPDC, Western Division, there was more than a conservative estimate of 187 labor contractors in 2013, employing more than 3,518 contract staff (Fapohunda, 2012). The figure of both labor contractors and contract employees is still on the rise. The data on contract employees, particularly in the oil and gas industry, is quite alarming, considering the hazards associated with oil and gas exploration. One wonders, therefore, if this trend has no consequences at all on the psyche of the workforce/. Many labor contractors are not only merely corporate organizations without any specialized field, they are pay masters contracted to pay contract staff. Our preliminary investigation corroborated by Fapohunda (2012) was that in a flow station, a group of workers doing the same job in the same job category could be under the pay roll of different companies who are labor contractors to Shell, possibly to curtail effects of unionism.

It is important to mention that contract staffing would have implications for human resource management as well as the growth and development of any enterprise, and this is enhanced by employee engagement engineered by a sense of loyalty to the organization. Where it seems that this importance and relevance of employee engagement is downplayed, there could be some unpleasant consequences both at industry and national level. Oil theft, illegal oil refining and other allied malpractices prevalent in the industry, may not be unconnected with a reaction of insiders in collaboration with outsiders, to a system characterized by a general feeling of disgruntlement and lack of employee engagement resulting from perceived over-utilization and undervaluation of the workforce. Organized labor unions and even the Federal House of Representatives have at various times condemned over-utilization and undervaluation of the workforce but decisive actions have not been taken to check contract staffing in the Nigeria.

But the growth of any country, whether developing or developed, market economy or centrally planned economy, is a function of an increase in corporate performance and productivity. Corporate productivity and performance is an aggregate of the units of inputs from individual employee; and when organizations achieve employee engagement in their various capacities, aggregation of these may result in industrial and national economic development. Thus, the phenomenal experiences of nearly all the advanced countries of the world have showed that people are the driving force and the most important factor in both corporate and national economic growth and development. Equipments and technology are generated from the human mind and can only be put to productive use by people. It is therefore not out of place to give people a pride of place in corporate organizations, and it is doubtful if contract staffing policy can achieve this.

In modern management philosophy, emphasis is on creating and sustaining competitive advantage. It is doubtful if non-standard work arrangements like contract staffing with unhappy workforce can enhance employee engagement and give an organization competitive edge. The campaign against contract staffing which, in some cases, is not different from casualization of workers in the oil and gas industry, especially by National Union of Petroleum and Natural Gas workers (NUPENG) and Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and other organized labor unions in Nigeria oil and gas sector is an age long phenomenon. However, contract staffing has increased and remains unabated in the staffing of corporate organizations in the oil and gas industry; and a casual or contract staff continues to be the less privileged, disadvantaged and deprived among workforce in a corporate organization. Labeling an individual or a group of workers in an organization as a contract staff, especially when job description, specification, and qualification do not vary from those categorized as permanent staff, inspires a sense of de-motivation, and impedes employee engagement.

Despite streamlined work processes in oil and gas exploration, strong management policies and world class human resource experts available at the disposal of the industry, there seems to be a negative correlation between the contract staffing policies and employee engagement. This paper attempts to ascertain the relationship between contract staffing and employee engagement in the oil and gas industry. Specifically it aims

- (i) To ascertain the relationship between contract staffing policy and employee organizational citizenship
- (ii) To ascertain the relationship between contract staffing policy and employee commitment
- (iii) To ascertain the relationship between contract staffing policy and employee motivation.

## **2.0 Theoretical Framework**

### **2.1 Employee Engagement**

Maslach, Schaufeli and Leiter (2001: 397) describe the concept of employee engagement as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption”. In their contribution to the subject matter, Marcey, Schneider, Barbera and Young (2009) opine that ‘employee engagement is evident in the display of personal initiative, adaptability, effort and persistence directed towards organizational goals’. When employee is engaged, corporate performance is enhanced, improved, and sustained and the organization is placed in a position to gain competitive advantage.

Employee engagement could take two basic forms: job engagement and organizational engagement. Job engagement defines what takes place when people become intensely motivated and excited towards their job. The drive for job excellence is voluntary and there is positive interest and proactive willingness for high organizational performance. It is in this light that Truss, Soane, Edwards, Wilson, Croll and Burnett (2006) see job engagement as being positive about one’s job. They state further that the engaged employee is the passionate employee; the employee who is totally immersed in his or her work, energetic, committed and completely dedicated. Organizational engagement on the other hand is that sense of belonging and attachment which an employee has towards his organization. Hence, Armstrong (2012) states that organizational engagement focuses on attachment to or identification with the organization as whole.

### **2.2 Dimensions of Employee Engagement**

The Institute of Employment Studies in Armstrong, Brown, and Reilly, (2010) has categorized employee engagement into three dimensions: Job commitment, organizational citizenship, and motivation.

**2.2.1 Employee Commitment:** This can be measured by the strength of individual employee’s involvement in an organization.

Commitment speaks of attachment and loyalty and this describes the feeling of individuals about their organization. This is why Appelbaum, Bailey, Berg and Kalleber (2000) consider this concept as a multi-dimensional construct that reflects a worker's identification with the organization (loyalty), attachment to the organization (intention to stay), and willingness to expend effort on the organization's behalf (discretionary effort). Now day, Porter and Steers, (1982) identify three basic characteristics of commitment as strong desire to remain a member of the organization, belief in and acceptance of the goals and values of the organization and a readiness to exert extra-ordinary effort in the interest of the organization. It was in this regard that Walton (1985) proposes a commitment strategy that would enable workers respond best and most creatively, not when they are rigidly controlled by management, placed in narrowly defined jobs, and treated like an unwelcome necessity. Rather, employees are given broader responsibilities, encouraged to contribute and supported to achieve satisfaction in their job.

The concept of commitment as described above looks identical to employee engagement. This suggests that the line that separates commitment from engagement, if any at all, is very slim. According to Buchanan (2004), the US Corporate Executive Board stated that engagement is the extent to which employees commit to someone or something in their organization, how hard they work, and how long they stay as a result of their commitment. To be engaged is to be actively committed (Wellins and Concelman, 2005). Continuing in the same line of thought, Macey and Schneider (2008: 8-9) observe that Organizational commitment is an important facet of the state of engagement when it is conceptualized as positive attachment to the larger organizational entity and measured as a willingness to exert energy in support of the organization, to feel proud as a organizational member, and to have personal identification with the organization. Robinson, Perryman, and Hayday (2004: 7) believe the affective commitment, that is, the satisfaction people get from their jobs and their colleagues, and their willingness to go beyond the call of duty for the sake of the organization distinguishes employee commitment from the main concept of engagement.

**2.2.2 Employee Motivation:** This refers to the strength and direction of behavior that influence individuals to behave in certain patterns, it is the force that energizes controls and sustains behavior. With respect to engagement, motivation can both be extrinsic and intrinsic which indicates both reward expected from the job and the meaningfulness of the job itself. It is not the pay or recognition that yields positive feelings of engagement but the challenging work (Macey et al 2009). Armstrong (2012) however states that extrinsic motivation therefore occurs when things are done to or for people to motivate them, including rewards such as incentives, increased pay, praise, or promotion, and punishments, such as disciplinary action, withholding pay, or criticism.

Motivation strategies are aimed at increasing job engagement and may involve creating a work environment, policies, and practices that provide for higher level of performance from employees. It is important to note that people are more likely to be motivated if they work in an environment in which they are valued for what they are and what they do. In addition, this may mean paying more attention to the basic need for recognition, as well as the need for opportunity to grow by developing abilities and career opportunities.

**2.2.3 Organizational citizenship:** Organizational citizenship behavior was described by Organ (1988) as employee behavior that goes above and beyond the call of duty and contributes to organizational effectiveness. He added that this is discretionary and not explicitly recognized by the employing organization's stated reward system. This description depicts an attitude of mind by employee to see the business' growth and development as a personal responsibility. Further, it stresses the fact that rewards or incentives are no longer the prime catalyst for organizational goal achievement efforts. A deep sense of belonging and productive effort is made by the employee even with the understanding that reward is not accruable. Explaining the concept further, Armstrong (2012) describes organizational citizenship as a positive behavior at work that goes beyond role requirements.

Thus, a holistic view of the concepts of motivation, commitment, and organizational citizenship is embedded in the concept of employee engagement. A motivated employee will become highly committed and this leads also to organizational citizenship behavior and it is the full grown actualization of this by any organization from its employees that brings about employee engagement.

### **2.3 The Nature of Contract Staffing in the Oil and Gas Industry**

Okafor (2011) states that contract staffing refer to the systematic replacement of full-time staff with staff employed on an ad hoc basis.

The International Labor Organization (ILO) (2007) defines casual/contract workers as those who have an explicit and implicit contract of employment which is not expected to continue for more than a short period, and whose duration is to be determined by national circumstances. This definition cannot be pinned down to any precise employment standard. However, the term, contract staff, tends to harmonize with what is referred to as Non Standard Work Arrangements (NSWAs) in Europe and America. When a 'Non Standard' arrangement becomes the norm in an organized formal setting and institutions like the oil and gas firms, it leaves much to be desired.

Fapohunda (2012) states that contract staffing is a term used in Nigeria to describe work arrangements that are characterized by bad work conditions like job insecurity, low wages, and lack of employment benefits that accrue to regular employees as well as the right to organize and collectively bargain. Workers in this type of work arrangement can be dismissed at any time without notice and are not entitled to redundancy pay. Basso (2003) describes the same scenario as an unprotected form of employment because it does not enjoy the statutory protection available to permanent employees and is linked to underemployment. According to Owoseye and Onwe (2009), 'casualization/contract staffing is a working arrangement that is not permanent in nature and does not fall within the traditional standard employment relationship; workers in this arrangement usually do not have a permanent job status, they do not get the same pay and benefit as their regular counterparts doing the same job and working the same hours'.

Bodibe (2007) is of the view that casual staffing was used to refer to work conducted for defined periods, perhaps when ad hoc workers may be needed to complement full time employees in the peak of seasonal business. O'Donnell (2004) considers contract employee as a worker engaged for a period not more than six months and who is paid on daily basis. These categories of workers are expected to be for those in piece work, short term construction project, etc. This is why many are of the opinion that to keep a staff as casual on a running job for years, even as much as five or more, as in the oil and gas firms, is nothing short of abuse of human resource and degradation of human dignity.

In this paper, a contract worker is one which terms and conditions of employment are not certain, not formally defined, earn less than his contemporaries in the same work setting and lacks right to organize and collectively bargain and employment is of short duration.

Contract/casual jobs today are commonly understood as jobs that attract hourly pay, including of course, monthly pay but are denied of the other benefits such as the right to severance pay, sick leave, annual leave and other terms and conditions of employment accruing to people of other regular pay jobs. Okafor (2007) notes in this regard that contract/casual employees suffer losses which include what he described as abysmal low wages, absence of medical allowances, no job security or promotion at work, no gratuity and other severance benefits, no leave allowance, freedom of association which is often jeopardized, no death benefits or accident insurance at work, no negotiation or collective bargaining agreement, transportation, pension plans etc.

The trend of contract employment in the oil and gas is that employees work for decades without promotion and necessary entitlements, and in many cases, the contract employees have work schedules and responsibilities which are not in any way different from that of normal staff but their remuneration and conditions of service leave nothing to be desired. Sadly, the Nigerian labor law seems to have no provision for the protection of the rights of this new generation of Nigerian employees confined to the abyss of perpetual deprivation. Employers use contract staffing to reduce cost, maximize profit and render labor unions ineffective.

Fajana (2005) observes that it is difficult to give accurate statistics about the number of casual and contract workers in Nigeria because there are no official records showing the extent and trends of casualization/contract staffing. Presently, well over 80% of the entire workforce in Shell Nigeria is on contract/casual employment. Animashaun (2007) estimates contract staff to be between 60-90% of workers in most Nigeria Business Organizations.

The table below identifies Shell as the second largest employer of contract/casual staff in the oil and gas sector in Nigeria. Hence, it was appropriate to use the company as a case study. It is important to also note that the trend runs through all the major players in the oil and gas sector in Nigeria, including NNPC owned by the Nigerian government. It cannot be ascertained that this pattern of work arrangement has the approval of Nigerian labour law, but it is worrisome that even government establishments practice what seems to be unpalatable as far as contract of labor is concerned.

**Table 1: Contract/casual Workers in the Petroleum Sector in Nigeria**

| Company             | No and percentage of Permanent Workers | No and percentage of casual workers | Total |
|---------------------|--|-------------------------------------|-------|
| Nigeria Agip Oil    | 246 (12.8%)                            | 1680 (87.2%)                        | 1926  |
| Chevron Petroleum   | 202 (25.8%)                            | 582 (74.2%)                         | 784   |
| Shell Pet. Dev. Co. | 695 (7.8%)                             | 8190 (92.2%)                        | 8885  |
| Connoil             | 387 (15.3%)                            | 2150 (84.7%)                        | 2537  |
| Mobil Producing     | 35 (6.6%)                              | 529 (93.8%)                         | 564   |
| NNPC                | 9000 (75.0%)                           | 3000 (25.0%)                        | 1200  |
| Total               | 10,565 (39.6%)                         | 16,131 (60.4%)                      | 26696 |

**Source:** Fapohundah, T. M. (2012) Employment Casualisation and Degradation of Work in Nigeria, *International Journal of Business and Social Science* (Vol. 3 No. 9; May 2012)

Though the Nigerian Labor Act does not define casualization or contract labor and does not provide a legal framework for the regulation of the terms and conditions of this work arrangement, section 7(1) of the Act provides that a worker should not be employed for more than three months without the regularization of such employment. After three months, contract or casual worker ought to have his or employment regularized by the employer by giving a written statement indicating the terms and conditions of employment including the 'nature of the employment' as well as 'if the contract is for a fixed term and the date the contract' expires. Preliminary investigation however reveals that a contract/casual employee in Shell petroleum Development Company (SPDC) rarely gets converted to full time staff even after working for more than five years.

Fapohunda (2012) observes that many casual/contract workers are professionals, graduates of various universities or skilled technicians that have put in several years of service in their respective organizations but are still referred to and treated as casual workers. Sometimes also, the entire workforce of a part of Business Organization is outsourced or casualized. Excuses used to justify this form of neo-slave labor are that organizations have 'core' and 'non-core' activities. Cheadle (2006) states that 'the contractual and institutional forms of this kind of new employment mean that many workers do not fall within the common law conception of contract of employment and accordingly are not subject to protective cover of labor regulations. . . . a casual employee is barely guaranteed legal minimum wage, any job security, and allowances for lunch, travel and housing nor would they ordinarily receive benefits like paid vacation, paid sick leave, funeral assistance or terminal benefit (gratuity). This paints clearly the pattern of contract employment in the Nigerian oil and gas industry.

It is also widely argued that outsourcing, which is another form of contract staffing, provides an easier way to cut costs and run off competition. Where an employer out-sources labor or production aspect, less number of permanent employees are needed which in itself cuts down on overhead expenditure. Besides, the increasing incidence of unemployment makes contract staffing and casualization a ready tool for cost maneuver.

Discussing the trend, Kelleberg, Reskin and Hundson (2000) observes that in advanced economies, due to globalization and trade liberalization, many enterprises have resorted to the engagement of contract labor, part-time work, temporary work, etc. in other to cut cost and remain in the competitive global market. Added to this, is the growth and influence of demographic changes in the composition of the labor force. Many women now want to work part-time in order to combine family care and work; this is the flexibility that Non Standard Work gives them. Incidentally, these supposedly part-time jobs are worked full time with part-time remuneration. However, it is still believed that the changing economic conditions such as greater instability and uncertainty necessitated the use of Non Standard Workers as a response to the market by entrepreneurs. But the difference between Nigeria and the advanced economies is that there are increasing numbers of workers who have found themselves outside the standard purview of collective relations. There is no law or regulation whatsoever to protect the team population of people under the non-standard work arrangement. The end result is that the 'victims' are left under the exploitation of employers to suffer diverse forms of labor abuse.

### **3.0 Model Framework**

The model for this paper attempts to explain the issues in contract staffing as they affect or determine employee engagement. The elements in contract staffing combine to determine the form and level of the components of employee engagement in an organization.

Assumptions of the model are:

- (i) There is employment arrangement that is not standardized in the sense that it does not give the worker a sense of organizational citizenship
- (ii) Employment is characterized by relative low wage, lack of job satisfaction, job insecurity, and lack of career prospect,
- (iii) Employment is short term even though it is subject to continuous yearly renewal.
- (iv) Employee is not excited about his job nor committed to the organization.
- (v) Employee is not ready to go the extra mile and use his or her initiative to move the organization forward.

The issues in the model above underscore the fact that contracting staffing is a non-standard work arrangement, which in essence suggests that it is not a situation that can be accepted for normalcy.

**Fig. 4:** Contract staffing influence on employee engagement.



**Source: Author's model**

Therefore, relatively, wherever it is practiced, there is significant salary disparity compared to others with standard or permanent employment arrangement even within the same organization and where the workers concerned also have the same job description. Also, career prospect is limited or completely nil, whereas job design and responsibilities are same with those on permanent engagement. Consequently, this affects employees' commitment, both at group and at individual level within the organization, negatively. Accordingly, employee motivation and organizational citizenship take the same negative trend. A combination of all these variables determines the basis of individual performance factor in an organization and it is very likely that the value will be very small when measured against contract staffing work arrangement.

#### **4.0 Methodology**

The paper adopted the survey method to elicit information from the contract staff of the Shell Petroleum Development Company, (SPDC). Survey method enabled the administration of questionnaire to contract staff and collection of some classified information.

The population of the study consisted of 763 contract staff of SPDC, West, Northern and Southern Swamps/offshore. The population of each of the seven flow stations is as follows: Otumara 186, Saghara 28, Escravos 65, Opukushi 140, Benesede 84, Ogbotobo 74, and Tunu 86.

The sample size of 262 was determined using Yamane's formula (1967). This was allocated to the seven flow stations using Kumar (1952) proportional allocation formula.

Stratified random sampling technique was then adopted. The workers were grouped into three categories: management staff, supervisors, and operations/maintenance technicians. This was to ensure adequate representation of the different categories of contract staff that make up the population. The copies of questionnaires were then distributed among the various categories.

The main research instrument was the questionnaire. It consisted of the Likert-type questions which are very suitable for measuring attitude towards objects or for obtaining respondents' evaluation of a phenomenon. The questionnaire was designed into two parts (A and B) with sub-sections. While part A focused on the demographic information of the respondents, part B was structured to obtain information for the measurement the relationship between contract staffing and employee engagement. The Pearson correlation matrix and simple regression were used in the analysis of the data and testing of the hypotheses. Eviews 8.0 econometric software was used.

## **5.0 Analysis of Results**

Appendix 1 shows the correlation matrix and the regression results .As shown in Appendix 1 contract staffing (CSTAFF) is moderately but negatively correlated with employee engagement (EENG=-0.48) employee commitment (ECOMTT=-0.42) organizational citizenship (ORGCIT=-0.41) employee motivation (EMOT=-0.09).showing that contract staffing would have moderate relationship with employee engagement, employee commitment and organizational citizenship behavior in the oil and gas industry. However, contract staffing has a weak and negative relationship with employee motivation implying that contract staffing would bring about poor and low level of employee motivation in the oil and gas industry.

### **5.1 Relationship between Contract Staffing and Organizational Engagement**

#### **5.1.1 Contract Staffing and Employee Engagement**

The F-statistics value of 68.72639 shows that a significant linear relationship exists between contact staffing and employee engagement. The negative t-test value of -8.29 indicates that contact staffing (CSTAFF) has a significant negative influence on employee engagement at 1% level of significance. There is 99% level of confidence that contract staffing has a significant negative influence on employee engagement in the oil and gas industry indicating that contract staffing in the oil and gas industry would bring about low level of employee engagement. We therefore accept that null hypothesis that contract staffing has no significant relationship with employee engagement.

#### **5.1.2 Contract Staffing and Employee Commitment**

The F-statistics value of 48.67834 shows that a significant linear relationship exists between contract staffing and employee commitment. The negative t-test value of -6.97 shows that contact staffing (CSTAFF) has a significant negative influence on employee commitment at 1% level of significance. This means that there is 99% level of confidence that contract staffing has a significant negative influence on employee commitment at 1% level of significance implying that contract staffing would significantly lead to low level of employee commitment in the oil and gas industry. Accordingly, we accept that null hypothesis that contract staffing has no significant positive impact on employee commitment.

#### **5.1.3 Contract Staffing and Organizational Citizenship**

The F-statistics value of 44.85666 shows that a significant linear relationship exists between contact staffing and organizational citizenship. The negative t-test value of -6.69 showed that contact staffing (CSTAFF) has a significant negative influence at 1% level of significance. This therefore implies that contract staffing would significantly lead to poor organizational citizenship behavior in the oil and gas industry. We accept the null hypothesis that contract staffing has no significant positive impact on organizational citizenship.

#### **5.1.4 Contract Staffing and Employee Motivation**

However, the F-statistics value of 1.876834 shows that a non-linear relationship exists between contact staffing and employee motivation. The negative t-test value of -1.36 showed that contact staffing (CSTAFF) has an insignificant negative influence on employee motivation at 5% level of significance. We accept the null hypothesis that contract staffing has no significant positive impact on motivation

## **6.0 Discussion of Results**

The empirical findings from the simple regression technique revealed that contract staffing has a significant negative influence on employee engagement at 1% level of significance. This finding falls in line with the opinion of Okafor (2007) when he stated that contract employees generate negative input as a result of the way their employment is structured. We therefore reject that null hypothesis that contract staffing has no significant relationship with employee engagement.

Contract staffing has a significant negative influence on employee commitment at 1% level of significance. This finding is consistent with the opinion of Udeozor (2007) that job dissatisfaction is one of the barriers to employee commitment and low productivity is the inevitable outcome because employee on contract has no sense of belonging in the organization. Accordingly, we reject that null hypothesis that contract staffing has no significant impact on employee commitment.

Contract staffing has a significant negative influence on organizational citizenship. This finding is also consistent with the opinion of Fapohunda (2012) that contract staffing does not give the worker the sense of organizational citizenship as a result of short term employment arrangement. Hence, the null hypothesis that contract staffing has no significant impact on organizational citizenship is rejected.

Contract staffing has a negative and insignificant influence on employee motivation at more than 1% level of significance. Nonetheless, the null hypothesis that contract staffing has no relationship with employee motivation is also rejected. It is important to note that motivation can be both extrinsic and intrinsic. According to Macey et al (2009) motivation can be derived from the meaningfulness of the work itself, and this informs the attitude of most professionals to work, and it is likely that this is what results to more than 1% level of significance in the test result. Also, for most professionals, interest is more important than the associated rewards for the job they do.

## **7.0 Findings**

Our findings revealed from the regression results that:

- (i) Contract staffing policy has a significant negative influence on employee engagement in the oil and gas industry.
- (ii) Contract staffing has a significant negative influence on employee commitment in the oil and gas industry.
- (iii) Contract staffing has a significant negative influence on organizational citizenship behavior in the oil and gas industry.
- (iv) Contract staffing has a negative and insignificant influence on employee motivation in the oil and gas industry.

## **8.0 Conclusion**

This paper has examined contract staffing and employee engagement in the oil and gas industry. Contract staffing as an employment arrangement that is not permanent in nature, and is Non Standard Work Arrangement (NSWA) does not fall within the conventional standard of employment relationship. Fapohunda (2012) added that contract staffing is a work arrangement that is characterized by bad work conditions such as job insecurity, low wages, and lack of employment benefits that accrue to regular employees.

But employee engagement as stated by Maslach et al (2001) is a 'positive, fulfilling work related state of mind that is characterized by vigor, dedication and absorption. However, the peculiar nature of contract staffing as mentioned by Fapohunda (2012) tends to justify the findings of this study. Empirical findings using the simple regression techniques revealed that contract staffing has a significant negative influence on employee engagement. In measuring employee engagement, organizational citizenship behavior, employee commitment, and motivation were used as variables. The paper revealed that contract staffing has a significant negative linear correlation with these variables at 1% level of significance; nonetheless, employee motivation has a non-linear relationship for reason most likely that motivation is to a very large extent, intrinsic. The overall implication of these findings is that contract staffing in the oil and gas industry brings about low employee commitment, organizational citizenship behavior, and motivation.

## **9.0 Policy Recommendations and Implications**

Based on the empirical findings, the following policy recommendations are given below:

- (i) It is recommended that the employment arrangement should be structured in such a way that there is no gap in employment benefits between contract staff and full time employee
- (ii) Making contract staff an option for the intending employee would create an atmosphere and the enabling environment for the employee to be engaged based on personal preference for the nature of employment arrangement. This is because contract staffing could be designed in such a way that it creates opportunity for the employee to be involved in other activities for personal development like education etc.

(iii) In view of the seemingly negative impact of contract staffing as revealed by the paper, union leaders and other stake holders in the oil and gas industry in Nigeria should ensure that the rate of contract staffing is reduced to the lowest minimum level.

(iv) Training and development program for both contract and full time staff in the same line of responsibilities should be structured in such a way that their categorization does not influence the training content and package in order to create room for genuine organizational citizenship behavior.

(v) Globalization and increased competition have been noted as some of the reasons for contact staffing as a more flexible work arrangement for cost saving strategy. In view of this, it is recommended that more attention should be given to capacity development for efficiency and effectiveness because high rate of job turnover associated with contract staffing has some measure of negative effect in achieving organizational goals and objectives.

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## APPENDIX 1

### Correlation Matrix

|        |           |           |           |           |           |
|--------|-----------|-----------|-----------|-----------|-----------|
|        | CSTAFF    | ECOMTT    | EENG      | EMOT      | ORGCIT    |
| CSTAFF | 1.000000  | -0.424859 | -0.487043 | -0.091766 | -0.410761 |
| ECOMTT | -0.424859 | 1.000000  | 0.651196  | -0.126137 | 0.402177  |
| EENG   | -0.487043 | 0.651196  | 1.000000  | 0.541640  | 0.588343  |
| EMOT   | -0.091766 | -0.126137 | 0.541640  | 1.000000  | -0.145995 |
| ORGCIT | -0.410761 | 0.402177  | 0.588343  | -0.145995 | 1.000000  |

### Simple Regression Results

#### Dependent Variable: EENG

Method: Least Squares

Date: 11/20/15 Time: 04:04

Sample: 1 223

Included observations: 223

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.  |
|--------------------|-------------|-----------------------|-------------|--------|
| C                  | 2.478202    | 0.081576              | 30.37920    | 0.0000 |
| CSTAFF             | -0.370403   | 0.044680              | -8.290138   | 0.0000 |
| R-squared          | 0.237211    | Mean dependent var    | 1.803147    |        |
| Adjusted R-squared | 0.233760    | S.D. dependent var    | 0.083485    |        |
| S.E. of regression | 0.073079    | Akaike info criterion | -2.385635   |        |
| Sum squared resid  | 1.180246    | Schwarz criterion     | -2.355077   |        |
| Log likelihood     | 267.9983    | Hannan-Quinn criter.  | -2.373299   |        |
| F-statistic        | 68.72639    | Durbin-Watson stat    | 0.936176    |        |
| Prob(F-statistic)  | 0.000000    |                       |             |        |

**Dependent Variable: ECOMTT**

Method: Least Squares

Date: 11/20/15 Time: 04:14

Sample: 1 223

Included observations: 223

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.     |
|--------------------|-------------|-----------------------|-------------|-----------|
| C                  | 2.761595    | 0.146959              | 18.79161    | 0.0000    |
| CSTAFF             | -0.561587   | 0.080491              | -6.976987   | 0.0000    |
| R-squared          | 0.180505    | Mean dependent var    |             | 1.738111  |
| Adjusted R-squared | 0.176797    | S.D. dependent var    |             | 0.145102  |
| S.E. of regression | 0.131651    | Akaike info criterion |             | -1.208390 |
| Sum squared resid  | 3.830394    | Schwarz criterion     |             | -1.177832 |
| Log likelihood     | 136.7355    | Hannan-Quinn criter.  |             | -1.196054 |
| F-statistic        | 48.67834    | Durbin-Watson stat    |             | 0.919959  |
| Prob(F-statistic)  | 0.000000    |                       |             |           |

**Dependent Variable: ORGCIT**

Method: Least Squares

Date: 11/20/15 Time: 04:15

Sample: 1 223

Included observations: 223

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.     |
|--------------------|-------------|-----------------------|-------------|-----------|
| C                  | 2.680873    | 0.125882              | 21.29679    | 0.0000    |
| CSTAFF             | -0.461773   | 0.068947              | -6.697511   | 0.0000    |
| R-squared          | 0.168725    | Mean dependent var    |             | 1.839298  |
| Adjusted R-squared | 0.164964    | S.D. dependent var    |             | 0.123407  |
| S.E. of regression | 0.112769    | Akaike info criterion |             | -1.518014 |
| Sum squared resid  | 2.810448    | Schwarz criterion     |             | -1.487456 |
| Log likelihood     | 171.2585    | Hannan-Quinn criter.  |             | -1.505678 |
| F-statistic        | 44.85666    | Durbin-Watson stat    |             | 1.287565  |
| Prob(F-statistic)  | 0.000000    |                       |             |           |

**Dependent Variable: EMOT**

Method: Least Squares

Date: 11/20/15 Time: 04:16

Sample: 1 223

Included observations: 223

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.     |
|--------------------|-------------|-----------------------|-------------|-----------|
| C                  | 2.062593    | 0.171556              | 12.02284    | 0.0000    |
| CSTAFF             | -0.128728   | 0.093964              | -1.369976   | 0.1721    |
| R-squared          | 0.008421    | Mean dependent var    |             | 1.827989  |
| Adjusted R-squared | 0.003934    | S.D. dependent var    |             | 0.153990  |
| S.E. of regression | 0.153687    | Akaike info criterion |             | -0.898873 |
| Sum squared resid  | 5.219933    | Schwarz criterion     |             | -0.868315 |
| Log likelihood     | 102.2243    | Hannan-Quinn criter.  |             | -0.886537 |
| F-statistic        | 1.876834    | Durbin-Watson stat    |             | 0.656209  |
| Prob(F-statistic)  | 0.172085    |                       |             |           |