

# **Globalisation, Casualisation and Capitalist Business Ethics: A Critical Overview of Situation in the Oil and Gas Sector in Nigeria**

**Emeka Emmanuel Okafor**

*Department of Sociology, University of Ibadan, Ibadan, Nigeria*

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**ABSTRACT** Globalisation has engulfed the whole world. In some places it has enriched businesses and the quality of life while in others it has wrecked havoc. Even within nations the benefits have not been fairly distributed. In an attempt to maximize profit and keep up with competition some work organisations have resorted to unethical business practices like casualisation of workers thereby hurting workers interest and violating some fundamental labour laws. Workers in developing economies have been worst hit. Against this background the paper argues that the practice of casualisation and all kinds of unfair labour practices to keep up with competition and ensure profit maximization in oil and gas sector in Nigeria is an obstruction of sound business ethics on one hand, and on the other, to recourse to the era brutish Scientific Management. Further the paper argued that casualisation is an unethical business practices that violate the right of workers to decent job and freedom of association. The paper therefore concludes that casualisation and other unfair labour practices are meant to promote capitalists quest for greater productivity and profit maximization in line with the terms and dictates of scientific management postulations to the detriments of workers (casual) while ignoring the social needs of workers to associate and unionise.

## **INTRODUCTION**

The term “globalisation” has acquired considerable emotive force over the years. Some view it as a process that is beneficial—a key to future world economic development—and also inevitable and irreversible. However some regard it with apprehension and fear, believing that it increases inequality within and between nations, threatens employment and living standards and thwarts social progress (Adeboye, 2002; World Bank, 2003; Van Der Bly, 2005).

With globalisation in some countries, privatisation, liberalisation, deregulation and removal of subsidies have taken place, thereby making most workers apprehensive about their jobs. Moreover, both jobs and incomes have become more precarious as global mergers and intense competitions pressurize government to privatize companies and parastatals and hence streamline their operations. Consequently hiring and firing workers as well as casualisation of labour according to the needs of the markets make sense for an organisation concerned with increasing its profits, but it plays havoc with people’s lives (Afonja, 2003; Levin, 2003).

The implications of economic globalisation on labour are tremendous. Trade liberalisation results in flooding of the domestic markets with imported goods and services at relatively cheaper

rates (Castella, 1998; Ajayi, 2001; World Bank, 2003; Kiely, 2005). The massive devaluation of national currencies means the cost of raw materials become very exorbitant and beyond the reach of local manufacturers, who subsequently source for local materials that are expensive due to removal of subsidies. Hence producing at higher costs than cheap imported goods would result in low patronage. This has led to closures of a lot of manufacturing firms and also low capacity utilization (Adewumi, 2001; Ajayi, 2001; MAN 2003). High interest rates have also made obtaining loans for manufacturing unattractive. Privatization of public enterprises leads to loss of jobs, while removal of subsidies leads to poverty and high cost of living (Adewumi, 2001; MAN 2003). The continuous trade and capital liberalisation lead to growth of informal sector, which engage workers under unfair labour practices like casual/contract employment and deplorable working conditions and environment (Went, 2000; Khor, 2001; ILO, 2003). The inability of labour to flow/migrate to another work organisation or part of the world for improved standard of living as part of components of globalisation has further worsened the labour situation (Ajayi, 2001; Oshiomole, 2001; Okafor, 2005).

The oil and gas sector in Nigeria represents one major area where unfair labour practices have

been perpetuated for a long time under globalisation thereby giving rising to a recourse to the period of Scientific Management to era of F.W. Taylor as a way of maximizing profit and productivity with little or no obligation to meeting the social needs of workers. Against this background this paper attempts to critically examine the issue of globalisation and casualisation and stress how this has been promoting capitalist business ethics that have continued to hurt workers interest in the oil and gas sector in Nigeria.

### **THE CONCEPTS OF GLOBALISATION AND CASUALISATION**

#### **Globalisation**

The International Monetary Fund, IMF, (1997: 15) defined globalisation as “the growing economic interdependence of countries worldwide through the increasing volume and variety of ‘cross border’ transactions in goods and services and of international capital flow and also through the more rapid and widespread diffusion of technology”

Moreover, Kwanashie (1998: 3) defined globalisation as “a process of integrating economic decision-making such as the consumption, investment and saving process all across the world. It is a process of creating a global market in which increasingly all nations are forced to participate”. Furthermore, Ojo and Obaseki (1998: 6) contended that globalisation is “the integration of national economies through trade and financial transactions, a process that has tended to reduce the ability of domestic economic policy to achieve its objectives without due consideration of the countervailing effects of competing policies adopted by other nations”.

In his bid to convey what is new about globalisation, Woods (2000) distinguished two aspects of change related to the subject: quantitative dimension and qualitative one. Quantitatively, globalisation refers to an increase in trade, capital movements and people across borders. Some refer to these new forces as ‘transnationalism’ and ‘interdependence’. Critics have argued that there is little that is new in the instance (Onyeonoru, 2004). Meanwhile, indication of what is new in globalisation lies in qualitative changes in international politics – changes in the ways people and groups think and identify

themselves, changes in the way states, firms, and other actors perceive and pursue their interest in contemporary times. From this viewpoint, core aspects of globalisation can be identified as comprising three inter-connected elements: the expansion of markets; challenges to the states and institutions; and the rise of new social and political movements.

From the foregoing it may be deduced that globalisation is the term used to describe the growing worldwide interdependence of people and countries. The key feature that underlies the concept of globalisation is the erosion and irrelevance of national boundaries in markets that can truly be described as global. Capital flows are being denationalized as a result and national boundaries are becoming increasingly de-emphasize (Mittelman, 1996; Owolabi, 1998; UNDP, 1999; Kiely, 2005). The main thrusts for the ever growing irrelevance of national boundaries in the financial markets are technological and economic development (Adewuyi, 2003).

There is no doubt that progress has been made in the world as a result of globalisation and this of course is the evidence of the benefits of the system. There has been a constant growth of the globalisation of business world over the years as the world advances in the age of Information Technology (IT). These improvements are leading to increases in the trade of goods and services worldwide. This in turn is accounted for increased investments and competitions (Jones, 1994; Mazrui, 2001; Adeboye, 2002; Kiely, 2005).

Globalisation (both economic and cultural) thrives on the basis of global interdependence. The current situation is that countries are now more interdependent than ever in the history of man. The present structure of the world economy is such that resource movement around the world has become critical for its growth and sustained global welfare. Therefore, the location and integration of an organisation’s operations across several international boundaries are essential ingredients of globalisation (Akande, 2000; ILO, 2000; Ajayi, 2001; Ritzer, 2004).

Globalisation has affected jobs in many fundamental ways. In some cases it has created jobs, while in some the condition of job has been so precarious. Furthermore, there are also some grounds for believing that globalisation has unleashed forces that have had an adverse effect on the basic rights of workers and work standards. In this context, countries competing for foreign

investment could be involved in a competitive devaluation of work/labour standards in seeking to outbid one another in offering inducement of a cheap, docile and non-unionised labour force. This in essence impinges negatively on the prospect for workers participation and social dialogue. Competitive pressures to restrict basic labour rights such as freedom of association and the right to bargain collectively weaken the enabling conditions for the growth of free and independent trade unions and employer organisation. At the same time, the weakening of the bargaining position of labour diminishes the prospect of a successful resistance to unfair labour practices. The failure to apply adequate labour standards or to develop sound labour-management relations has been associated with problems such as high labour turnover, absenteeism, stress, fatigue and low rate of productivity and high level of waste (Otobo, 2000; Onyeonoru, 2004).

With globalisation, there has been high incidence of international labour mobility. The flow of labour from developing countries, especially technical and professional workers has intensified during the last two decades inspite of the growth of trade and relocation of labour intensive manufacturing to developing countries. The long-term effect of this, for developing countries is likely to be negative (Mittelman, 1996; Mazrui, 2001; Kiely, 2005).

While globalisation has resulted in some workers losing their jobs, it has at the same time led to substantial job creation. The activities of Multi-national Enterprises (MNEs) have brought about mixed blessings in recent times in the developing countries.

The World Investment Report (2000: 154) indicates that: *"While estimates suggest that MNEs directly employed 40.5 million workers in developing countries in 1999, they also generated 1.6 additional jobs for every job created directly through backward and forward linkages. On the other hand, there are adverse employment effects due to plant relocation, again (both direct and indirect). This perceived job losses in industrialized countries constitute a major source of opposition to the globalisation process as a whole, even in countries such as the United States (US) where net job creation has been high"*.

Also summarizing the conditions of work under globalisation, Levin (2003: 5) posits:

*"...more than a billion women and men are unemployed, underemployed or what we term the working poor. Some 120 million migrant workers and their families have left homes in search of finding a job elsewhere. The informal economy absorbed six out of every 10 jobs created globally, mostly in unprotected, low-income, self employed service sector occupations. Everywhere, the cost of occupational injuries and illnesses is heavy. Blatant violation of trade union rights is a sad reality in many countries and more than 120 million children aged 5-14 years are working full time in developing economies"*.

### Casualisation

Casualisation<sup>1</sup> on the other hand is quite manifest in industry whether in transnational, multi-national, public or private industry and in the informal sector. Casualisation has been on for a long time even in the period of industrial revolution and has also been an exported phenomenon in industries over the years, but with globalisation it has become more pervasive in the developing economy.

Casual labour according to Okougbo (2004: 67) means "work occupations in which the demand for employment is highly variable such as port work, farm work, farm migratory work and other jobs of unskilled intermittent nature" He further states that "contract labour is a form of involuntary servitude for a period of time" the type of employment that existed in the United States of America till the end of the 19<sup>th</sup> century with draconian laws to enforce its existence before its abolition. In fact, casual workers are supposed to work occasionally and intermittently with any company, usually unskilled and always moving with seasonal fluctuating demands of the labour market.

Labour and service contracts are terms used by management to describe contract labour. Management sometimes refers to it as "body shop" or "direct hire" while others refer to contract labour as service providers. Once employed, the casual/contract staff in some companies are made to sign the *yellow dog* contract. The yellow dog contract is a compulsive undertaking not to join the union while in employment. These nomenclatures are being used to describe casual/contract labour to inject into it internal contradictions. In seasonal employment

it also exists with a lot of colourations (Adenugba, 2004; Okougbo, 2004).

### **Some Principles of Business Ethics**

The term 'ethics' is derived from Greek word *ethika* meaning 'character' or 'custom'. It deals with customary ways of acting and universal and relative judgment as to the rightness or wrongness of human conduct; hence its association with moral philosophy. As a branch of philosophy, ethics embodies "the analysis, evaluation and development of normative moral criteria for dealing with moral problems" (Gewirth, 1978: 976). It assigns significance to norms, values and principles of propriety; ethics constitutes a theory of moral valuation and may accordingly be defined as the study of morality and its effect on human conduct. To the extent that it refers to a code of morality or system of moral principle that governs the appropriate conduct of a group and that of its members. Ethic is concerned primarily with things as they ought to be or the normative.

Business principles by their nature are products of socio-cultural evolution. They embody ideas, ideals and orientations and develop a sense of propriety through conventional practice and historical antecedents. For this reason, it is difficult to proffer standard ethical guideline that would be endorsed by every business organisation. Harmonizing ethics across businesses is not easy. There are many grey areas that are subject to ideological interpretations. A single yardstick or criterion cannot therefore be used to determine ethical process within same business much less across several businesses. New ethical issues are emerging in the context of globalisation thereby making business ethics to vary from one area to another and from one organisation to another. Therefore, different businesses have different measures of attributing ethical status to conduct (Weber, 1947).

However in as much as it is difficult to develop an ethical standard that will harmonize all businesses, Dada (1998) and Uvieghara (2001) have postulated some ethical guidelines or principles that form the bedrock of business ethics in relation to human resource management in Nigeria. These are:

*Principle of Respect and dignity of human labour:* For this principle, respect should proceed from two convictions. First, it should emanate from the view of the human as an autonomous

and independent being driven by certain desires, expectations and aspirations. Second, it should emanate from the view of human as one that has that autonomy diminished by old age, physical impairment, lack of education and any other physical and social circumstances. Hence business organisation should provide the basis upon which individual workers should actualize their potentials without necessarily jeopardizing the goals and objectives of the organisation. Usually the principle of respect for human labour is often accomplished by paying fair and competitive wage, granting opportunity for training and development, right to combine and associate with others freely within and outside the work organisation.

*Principle of Beneficence:* This principle deals with the responsibility of business organisation to maximize benefits of the market and minimize harm and risk to employees who participate in the activities of the organisation. The benefit of business refers to value added to the wellbeing or welfare of the employee or clients as a whole. Risk refers to the possibility that harm may occur either in the course of business or as a consequence of it. Although the conduct of business activities may bring some benefits to the organisation, employee and the society as a whole, it may involve risk. In a volatile oil sector such risk must be made known to the employees. The risk involved in business activities may be physical, social and psychological. Therefore principle of beneficence requires the business organisation to conduct a reasonable assessment of both the potential benefits involved in a business before the actual business activity.

*Principle of Justice:* In principle, participation in business activities of an organisation should afford workers basic rights to benefit from the business success of the organisation. It is unjust and unethical to withhold such benefits from participants - employees. An injustice in this sense occurs when some benefits to which an employee is entitled is denied without good reason. Business organisations should be responsive to the needs of the employees who participate in it and any products developed from such business activities must be made available to the participants. The principle of justice also requires fairness in the distribution of benefit s and risk of business. The burden and benefits of participation in business should be equitably distributed across all cadres. In addition to this

recruitment, selection, placement and promotion of employees must be done on justice and fair play. In other words, prospective employees must be given fair chance irrespective of the gender, religion, culture or political ideology. The principle of justice requires inclusion of diverse socio-cultural elements of the population in a multi-ethnic and multi-religious society like Nigeria.

*Principle of Social Responsibility:* This principle states that a business organisation must have positive impact on the local communities in which it operates. This may involve awards of scholarships, construction of roads and provision of social amenities. In essence this is a way of giving back to the communities and society as a whole, part of what the organisation has benefited as a result of its activities in these communities. This principle reinforces the essence of mutual dependence and reciprocity that should be existing between the business organisation and the host community.

Studies have shown that one of the major areas some modern business organisations in Nigeria have violated the ethics of business is in the area of casualisation of labour and aversion to unionization of workers (Otobo, 2000; Okougbo, 2004; Adenugba, 2004; Okafor, 2005; Onyeonoru, 2005). Although the latter is more prevalent in the banking sector, both are however very evident in the oil and gas sector. The aversion to workers' unionization and preference for casual labourers besides violating the principle of respect for human labour is also a clear violation of ILO conventions on freedom of association and respect for human right which stipulates interalia:

1. The right of every employee to be represented by a union of his or her choice and the basic trade union rights as defined by ILO convention 87 and 98 on freedom of association and the right to organize and bargain collectively.
2. A commitment not to employ forced labour as prescribed in the ILO convention 29 and 105 respectively. The fragrant infringement of labour laws on casualisation by employers is a case of employers waging war against labour (Okafor and Bode-Okunade, 2005: 22).

### **The Problems of Casualisation in the Oil and Gas Sector**

The problem of casualisation has been a long standing issue in the oil/gas industry and

multinational corporations. In some companies in Nigeria it is possible for one to get workers as many as two thousand in an industry out of which about one thousand five hundred may be contract workers. In some local industries in the informal sector, it is possible to get situation whereby virtually all the employees are casual/contract staff (Okougbo, 2004). The casual/contract workers have either profession or administrative skills. No matter how important their services may be they are paid wages that cannot sustain a good standard of living.

As already stated, in the oil and gas industry, where the practice of casualisation is common, many casual/contract workers are higher institution graduates or skilled technicians, experienced drivers with long years of service, clerical and auxiliary staff with administrative skills, etc. Most of these employees have spent several years in their organisations. Yet they are referred to and treated as casual/contract workers. In most cases, it is contract labour without a human face. In manufacturing companies owned by Asians, contract workers are locked up like prisoners in their factories so that no external body can gain access to them. In some oil and gas companies especially those owned by indigenous entrepreneurs, inspite of the fact that their contract staff are qualified to be made permanent staff, they are made to remain casual/contract workers on a slave wage with a view to keep on maximizing super normal profits at the barest minimum labour cost (Adenugba, 2004; Okafor, 2005; Akanbi, 2006).

Some of the losses of casual/contract workers incurred as enumerated by Okougbo (2004: 156) include;

- Abysmal low wages
- Absence of medical care or allowances
- No job security or promotion at work
- No gratuity and other severance benefits
- No leave or leave allowance
- Freedom of association is often jeopardized
- No death benefit or accident insurance at work
- No negotiation or collective bargaining agreement.

Available data on casual/contract workers is quite instructive. In oil and gas companies there are not less than a thousand contract workers who are unionised against the wishes of management and also being discriminated against by management (see Table 1).

Specifically, in 2001 there were an estimated

**Table 1: Casual/ contract workers in petroleum sector**

| <i>Company</i>                          | <i>Number of Workers on Permanent Job</i> | <i>Number of Casual/ Contract Workers</i> | <i>Percentage of Workers on Casual/Contract</i> | <i>Total</i> |
|-----------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------------|--------------|
| Nigerian Agip Oil Co.                   | 211                                       | 1500                                      | 87.7                                            | 1711         |
| Elf Petroleum                           | 199                                       | 550                                       | 73.4                                            | 749          |
| Elf Oil                                 | 42                                        | 132                                       | 75.9                                            | 174          |
| Shell Petroleum Development             | 520                                       | 8000                                      | 93.9                                            | 8520         |
| Mobil Producing                         | 492                                       | 2200                                      | 81.7                                            | 2692         |
| Mobil Oil                               | NIL                                       | 492                                       | 100.0                                           | 492          |
| Nidogas                                 | 15                                        | 150                                       | 90.9                                            | 165          |
| National Oil                            | 51                                        | 178                                       | 77.7                                            | 229          |
| Smithnigeria                            | 25                                        | 80                                        | 76.2                                            | 105          |
| Schlimberger Group                      | 250                                       | 1000                                      | 80.0                                            | 1250         |
| African Petroleum Plc                   | 300                                       | 376                                       | 55.6                                            | 676          |
| Nigerian National Petroleum Corporation | 9000                                      | 3000                                      | 25.0                                            | 12000        |
| Total Nigeria Ltd                       | 136                                       | 534                                       | 79.7                                            | 670          |
| Lighthouse Petroleum                    | 58                                        | 105                                       | 64.4                                            | 163          |
| Comex Nig. Ltd                          | 52                                        | 150                                       | 74.3                                            | 202          |
| Remm Oil Service                        | 120                                       | 350                                       | 74.5                                            | 470          |
| Devtag Drilling Co. Ltd                 | 96                                        | 300                                       | 75.8                                            | 396          |
| Tidex Nig. Ltd                          | 65                                        | 120                                       | 64.9                                            | 185          |
| Consolidation Oil                       | 300                                       | 600                                       | 66.7                                            | 900          |
| Chevron                                 | 450                                       | 3000                                      | 87.0                                            | 3450         |
| Trans Pecan Sedco Forex                 | 50                                        | 150                                       | 75.0                                            | 200          |

Source: NUPENG, 2003

14,559 (38.7%) casual or contract workers as against 23,065 (61.3%) junior workers on permanent job positions in the oil industry. Most of the casual workers have various qualifications that would warrant permanent jobs - certificates, diplomas and degrees in such areas as engineering, computer science, telecommunication and accounting. Some of the permanent jobs where casual workers were being utilized in the industry include clerical jobs, plant operations, computer services, rig drilling operations, maintenance services, transportation, flow station operations, flow station guards, deck-hands, forklift operators, typists and fire service men. The scope of the problem can be gleaned from the fact that in 1980, Mobil Oil Nigeria Limited (marketing) had 195 permanent junior employees. By 1991, however, there were only 28 of them. Mobil Producing Nigeria (Producing crude oil) had over 400 permanent junior employees in 1980. This figure declined to 80 by 1991- with most of the jobs being undertaken by casual/ contract workers. In the Western Division (i.e. Warri Area) of Shell operation alone, there were 110 labour contractors in 1991 employing 1,329 casual workers (NUPENG, 2003). By 2002, there was no single junior staff who was a direct employee of Mobil Oil Plc. And the trade union, i.e. National Union of Petroleum and Natural Gas Workers (NUPENG) had no single member from the firm (NUPENG, 2003). These were in violation

of existing labour laws (Uvieghara, 2000; Adenugba, 2004; Onyeonoru, 2004).

Even among the permanent staff of such companies, there are more expatriate than indigenous managers. In manufacturing companies, contract labour is also widespread. Employers do not seem to care about the feelings and aspirations of these workers. In year 2001, this compelled a reaction from the umbrella union, the Nigeria Labour Congress (NLC) to set up a committee on casualisation. At a summit in September 2002, all employers agreed to implement the law on casualisation and to liberalize their employment policy. The Nigeria Labour Congress also sensitized the public by embarking on industry-wide picketing. With this anti-union activities had escalated (see Table 2). However other affiliate unions adopted more subtle approach based on consultations, dialogue and negotiation.

It is important to note over that the years there had been attempts to unionise these contract workers, seek better deal for them in order to give them a new lease of life besides making them to have a sense of belonging. In many instances efforts to decasualize them were resisted by employers. Some of these oil companies constitute themselves into cartels. Sometimes, the jobs of the contract staff are terminated under abnormal conditions without any consideration to ILO Conventions or any existing labour laws. This

**Table 2: Anti-labour practices in the petroleum sub-sector**

| <i>Name of company</i>                | <i>Nature of victimization</i>                                             |
|---------------------------------------|----------------------------------------------------------------------------|
| Oil tech. Nigeria limited             | Termination of union officials employment and non recognition of the Union |
| T.Y. Chemicals Nigeria Limited        | Termination of union officials Employment                                  |
| Schlumberger Group Labour Contractors | Non recognition of union and victimization of workers                      |
| Amber Resources Nigeria Limited       | Non recognition of union and victimization of workers                      |
| Globestar Services Nigeria Limited    | Anti-union and victimization of Union officials                            |
| Eleme Petrolchemical Company          | Sacked Union officials                                                     |
| ABB Lummus                            | Non recognition of union and victimization of workers                      |
| Dubril Oil service                    | Victimization of workers                                                   |
| Bellbop Nigeria Limited               | Victimization of Union Officials & members                                 |
| Geophysical Nigeria Limited           | Victimization of Union Officials & workers                                 |
| CNCP/BGP (WARRI)                      | Victimization of Union Officials & workers                                 |
| VGNL/joint venture IDSL               | Victimization of Union Officials                                           |

Source: NUPENG, 2003

promotes principle of hire and fire without any norms or established conditions of service. In the recent times, some contract staff have been unionised and condition of service negotiated for them. To this category of staff this is emancipation from the tyrannical managers and exploitative capitalists (Okougbo, 2004).

The demand for de-casualisation got to a peak in 1992 when the leaders of National Union of Petroleum and Natural Gas Workers (NUPENG) mobilised members of their union for a showdown. Before the strike could assume uncontrolled dimension, the Federal Government intervened by setting up a tripartite body to negotiate an agreement on how to de-casualise the oil and gas industry. In the process, a tripartite agreement was endorsed between officials of the Federal Ministry of Labour, employers in the oil and gas industry and top officials of NUPENG. The agreement gave a momentary relief to the volatile pressure on the oil companies and to those that showed interest in casualisation.

The trade unions have fought to ensure that many casual/contract staff were converted to become permanent staff in those companies. However, oil multinationals like *Shell Petroleum Development Company (SPDC)*, *Nigeria Agip Oil Company (NAOC)*, *Chevron Nigeria Ltd*, *Texaco Overseas*, *Elf Petroleum*, etc, have remained adamant. These companies are very buoyant in the oil and gas industry in Nigeria. They escalated the situation and heighten tension by retrenching many of their permanent staff only to replace them with casual/contract workers. The permanent staff are well provided for by the same employer thereby creating a world of ironies and contradictions (Adenugba, 2004).

National Union of Petroleum and Natural Gas

Workers (NUPENG) and Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) have been in the forefront of struggle against casualisation. When the various organs of NUPENG and PENGASSAN were dissolved by the military junta of General Sanni Abacha in 1994 and NUPENG was laid prostrate, the unfair practices of casualisation were on the crescendo. Besides massive sack of oil and gas workers, oil multinational took undue advantage of the union's misfortune by casualising their labour force. Also the period was an opportune time for them to increase their expatriate quota at the expense of indigenous staff. In spite of the clampdown on the NUPENG and PENGASSAN leadership, union officials put up opposition against high expatriate quota to no avail. The government appointed trade union administrators were not helpful to the cause of de-casualisation and increase in expatriate quota.

Casualisation is an unethical business practice found in the oil and gas sector; it has grown into a social cankerworm in enterprise in which employers tend to justify with a lot of economic assumption backed up with fake statistics primarily for profit maximization. Nevertheless, the desire of labour union has always been that a worker should be given decent jobs with good pay to enhance the dignity of human labour (Okafor, 2005).

With the inauguration of civilian administration in Nigeria in 1999, the unions regained their freedom. NUPENG leadership sought to renew the struggle for decasualisation and the reduction in expatriate quota which mainly affected the senior staff in industry. The existence of labour decree 21 of 1974 to regulate labour contract appears not to have helped the situation enough. The law provides that every contract

worker should be confirmed after three months service. The law became ineffective either because the military government could not enforce the law or because the ministry of labour officials were indifferent to enforce the law against very rich and powerful employers. The effect is that any law which does not have severe sanctions against any offender is hardly enforceable (Onyeonoru, 2004).

Granted in seasonal jobs, casual/ contract labour may be justified but in durable jobs there is no justification for this. Presently more than six thousand Nigerian Liquefied Natural Gas (NLNG) workers in Bonny are mainly casual. Contract workers were de-unionised by NLNG management on the instruction of Abacha's military government and denied access to collective bargaining. The administration set up workers council to address their problems with management and live a seclude life at Finima. Paradoxically this looks like slaves cramped into military barracks.

Shell Petroleum Development Company provides an example of how a sustained pressure from the trade union could positively influence the employer. The company has about fifteen thousand casual/contract workers and about one thousand contractors. Through the pressure from NUPENG (workers union) the workers were unionised but denied access to collective bargaining by SPDC management. In the Memorandum of Understanding (MoU) in which their terms and conditions of service were spelt out there were no concerted efforts by management to negotiate standard condition of service that will meet with minimum standard established by the ILO. Among the casual/ contract workers are graduates, technicians, artisans, security personnel, auxiliary staff, drivers and fire servicemen. The same conditions exist in the Nigeria National Petroleum Corporation (NNPC) which is the nucleus of the Nigeria economy. In NNPC, some medical doctors, nurses, pharmacists and engineers are temporary / contract staff for over several years earning barely to feed themselves. Also at Exxon- Mobil (Nigeria) there are about eight thousand contract workers with about forty-five contractors. The contract workers have been unionised and a Collective Bargaining Agreement signed by both parties. Their skills can compare favourably with that of the best graduates and technicians anywhere in the world. However the game of manipulation in form of hire and fire in contract

management policy has made it more of slave labour. Evidently the policy of casualisation and non unionization of workers are in reality a clear slide or recession to the era of scientific management in oil and gas industries in Nigeria.

### **Theoretical Context of Casualisation in the Oil and Gas Sector**

In this paper the issue of casualisation in the oil and gas sector is anchored on the Scientific Management Approach. Scientific Management approach is premised on the assumption of the classical economists that natural society is made up of a horde of unorganized individuals; that every individual acts in a manner calculated to secure his own self-preservation and self interest; every individual thinks logically and to the best of his ability, in the service of his aim (Miller and William, 1964; Rose, 1978).

The above stated position influenced some of the earliest attempt to apply the scientific approach to work organisation. This approach which was mostly attributed to Fredrick Taylor's (1911) work was based on the assumptions that human beings are selfish and by nature lazy, dislike work and responsibility, unambitious, passive and resistance to organisational goals and hence, must be coerced, directed, commanded and controlled in order to achieve set objectives (Watson, 1980; Thompson, 1983). Another assumption of Taylor that influenced his model of management relates with his contempt for opposition and workers combination or unionism. He believed that once a fair day's pay has been set for fair day's job, any worker who fails to make it has him or herself to blame. He assumed that the problem of productivity or organisational performance of his time was a product of management's incompetence in relation to the workers' psychology, "slacking" (output restriction) and "soldiering".

In a nutshell Taylor's model of scientific management is centered on four principles.

- First, is the principle of obtaining comprehensive information on traditional knowledge and skill of workers for use in the formulation of rules and laws with which work standard and ethics could be developed.
- Second, it involves a careful selection, and training of first class (most competent) workers who are well suited for their jobs. This involves the separation of the brains

- (managerial staff) from the *bawn* (manual workers) for appropriate jobs.
- The third principle is to embark on the best way of bringing together the workmen and the job in a most efficient way. The standard here is that of the first class workers producing a first class work through the application of science to the work of the scientifically selected and trained workmen.
- The fourth principle involved the sharing of work between managers and their subordinates under an intimate, close personal and cooperative atmosphere woven around economic incentives.

Taylor was quite optimistic that appropriate application of these four principles would produce larger output of higher quality per worker. This would enable the firm to pay higher wages to the workers and also make higher profits.

In summary, Taylor believed that combination of coercion and economic/ financial incentives would lead to higher performance by workers. His contempt for liberal managers of the late 19<sup>th</sup> century America was evident in his view that output restriction by workers was the product of their careful study of the work situation (rationally) by workers and their consequent pursuit of what would promote their interests in the circumstance. According to Taylor, managers did not exhibit a similar level of rationality and hence could not cope with the work complexity.

Taylor's authoritarian view of management was reflected in his reverence for the more traditional and coercive American manager of the early 19<sup>th</sup> century. An analyst described the pioneer managers in Taylor's view as those that: "*Jollied their men and joked with them; bawled them out and beat them up in man-to-man fashion; dealt with them no matter how rough or savagely, on a plane of simple human relations, of perfect social equality*" (Rose, 1978: 33)

Taylor also wished that he was a muscular six-footer like Williams Sellers, his boss at the Midvale Company, to have enabled him instilled a "fearful" loyalty by his mere physical presence, and freely "joke with the apprentice boy one minute and give him a spanking the next". He longed for a return to the days "when indiscipline or idleness could be settled promptly by manly fisticuffs in the yard" (Rose 1978: 33).

From the above it is evident that this approach which promotes unitary approach to management emphasizes more on management prerogatives

and is also averse to workers' unionization so as not to challenge those prerogatives. It also promoted the piece rate mode of payment to workers as opposed to fixed rate. This is basically to ensure that workers received pay for actual work performed. The emphasis was therefore on higher productivity with little or no regard to workers welfare and interest or social needs.

It is important to note that this position as unpopular as it may seem in the modern time even with more humane management approaches appears to be the major operating principle of some employers in Nigeria (Mohr, 1987; Otobo, 1992; 2000). The explanation for this has always been that in a transitional economy like Nigeria where management prerogatives and workers rights are not clear cut, the main preoccupation of most employers is higher productivity while the main preoccupation of workers is better pay and other incentives. Secondly, since most workers are more interested in their pay rather than management approach adopted by the employer, the latter had exploited such position to advance its interest at the detriment of the former (Ejiofor and Anagolu, 1984; Okoh, 1998). This attitude of Nigerian managers suggests that most Nigerian workers are *homoeconomicus* who are rationally preoccupied with monetary rewards as opposed to the kind of management style adopted by the employer/ management. This has the tendency to encourage casual/contract labour and more importantly prevent workers from unionization especially in the oil sector preoccupied with profit maximization.

The Scientific Management approach when applied to casualisation and non unionization of workers in the oil and gas sector is based on broad capitalist attempt to maximize profit by keeping workers in perpetual penury through unfair labour practices. This is also part of general autocratic and hegemonic posture to stifle opposition so as to ensure a unitary approach in making and implementing business decisions (Onyeonoru, 2005; Okafor and Bode-Okunade, 2005). The general idea is that workers would be made to work harder if they are not distracted by trade union activities. This is also based on the fact that the workers should not challenge the authority of the management to initiate and implement decisions no matter how unfavourable the decision may be to the workers. For instance, in a bid to make more profits and absolved itself of any responsibilities to workers most

multinational and large indigenous work organisations have resorted to hiring casual workers. This also makes it easier for the policy of hire and fire to be entrenched so that whenever the organisation no longer needs the services of these workers they could be fired. Losses workers suffer in oil and gas sector in Nigeria are clear gains to the capitalist employers interested in profit maximization. These losses by the casual/contract workers form the core basis of capitalist business ethics in relation to human resources management in Nigerian oil and gas industry. The business ethics guiding industries in oil and gas sector in Nigeria as regards human resources management as identified by some scholars are;

- Strict separation of management and other categories of workers.
- Quest for profit maximization through minimization of labour cost by all means.
- Policy of non-unionization of workers.
- Policy of hiring and firing without recourse to due process
- Casualisation of labour
- Age limits for recruitment and selection of young graduates based essentially on skills and technical knowledge and competence while discriminating against the relatively older ones.
- Adoption of autocratic leadership style.
- Undue emphasis on higher productivity to guarantee higher revenue while deemphasizing better working conditions for workers (Nwachukwu, 1988; Otobo, 1992; Okoh, 1998; Adenugba, 2004; Onyeonoru, 2005; Okafor, 2005).

In a nutshell, in a developing economy like Nigeria where the structural basis of most business is weak coupled with harsh operating environment characterized by competitiveness and hostility, globalisation has accentuated job losses through down-sizing, outsourcing, rationalization and casualisation. Employers in oil and gas sub-sector in the Nigeria have exploited poverty and saturated market condition that promotes unemployment to entrench casual/ contract labour with it obnoxious conditions for the workers.

In contrast, in developed economies contract labour is well remunerated for in cash, even better than permanent jobs in some cases, except that a contract worker is not placed on pension at the end of his service. Ironically, the same employer in those developed economies go to Nigeria and other third world countries to perpetrate the

payment of peanuts to casual/contract workers as wages. This they do through introduction of poor conditions of service reminiscent of industrial revolution era in British history which workers fought very hard to overcome through trade unionism and focused labour struggle.

## CONCLUSION

Casualisation in a developing country like Nigeria is a social malaise that projects the failure of humanity in perpetuating injustice to mankind through exploitative tendencies of employers of labour in the globalised economy. Hence, labour malpractices assault the sensibilities of mankind. Granted, contract labour is an acceptable phenomenon in industry in developed economies because it is properly managed. The absence or weak and unenforceable regulatory law has not helped labour unions and workers in developing economy to fight exploitation to enable them enjoy the dignity of labour like their counterparts in Europe, America and Japan. The most serious evil in this capitalist imperialism and neo-colonialism is the cankerworm of abnormal profit maximization based on minimum labour cost without due consideration for dignity of labour. The most surprising and irritating aspect of it all is that the indigenous entrepreneurs and managers are the lackeys that assist the multinational companies to manipulate unfair labour practices. Under the aegis of the Nigeria Employers Consultative Association, employers have presently embarked on a yearly contract staff. No doubt this has led to further extension of exploitation and dehumanization of workers in the oil and gas sector in Nigeria.

## NOTES

Casualisation is used here in a generic sense to refer to both casual and contract workers since they have more or less the same conditions of service. However, whereas in most cases the former is paid on daily or weekly and on piece rate basis, the latter is paid on monthly and on fixed rated basis.

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