

Outsourcing Employment in Nigeria: Contextualizing the Trend in Post-Consolidated Banks

BLESSING STEPHEN ESSIEN, ETIM ESSIEN BASSEY
University of Uyo, Akwa Ibom State, Nigeria

Abstract. Outsourcing employment has become a phenomenon in most work organizations all over the world. In Nigeria, it is a common practice in sectors such as oil and gas, education and information and communication technology. Its positive impact in these areas has been recognized. This study therefore took a panorama of outsourcing by examining its concept, process, theories as well as contextualizing the practice in commercial Banks in Nigeria. The paper adopted a qualitative approach by relying basically on secondary data derived from the literature. Findings show that the banking sector in Nigeria has benefited enormously from outsourcing particularly in cost reduction, increased sales turnover and profitability, enhanced expertise, improved service quality, reduction in staff strength, and maintaining core competencies. However, this paper also noted that outsourcing has its demerits, especially as regards labour relations. Outsourcing has been seen to promote casualization and unconventional work practices especially when not fully executed. The paper therefore recommended organizations wishing to embark on it to be wary of the complexity of the outsourcing process before implementation.

Keywords: Outsourcing, Commercial Banks, Employment, Casualization, Nigeria.

1. Introduction

Outsourcing is one form of employment relation which is seen to be common to many work organizations. Studies in the field of occupations and work have shown that this kind of employment relationship is not only peculiar to Nigeria, but is practiced in developed countries like the United States, Canada and United Kingdom (Tilly, 1999; Kalleberg, 2000; Altman, 2003; Gebel, 2010). In Nigeria, the practice is particularly found in sectors like manufacturing, construction, banking, education,

power, telecommunication, and oil and gas (Okafor, 2007; Idowu, 2010 and Aduba, 2012).

Outsourcing connotes the process whereby non-core functions or operations of companies are set-out on contract or hire to employment agencies or labour brokers. The employment agencies have their trained staffers who usually are on their employment list or payroll. Outsourced employees in many establishments and organizations are mostly contract or casual workers. Accordingly, Ganesh (2007) defines outsourcing as the process of contracting tasks that are usually handled internally by the company itself to a third party. Whereas Akewushola and Elegbede (2012), see outsourcing as the process of replacement of an in-house provided services by sub-contracting it out to external agents.

However, it is defined, the process entails handing over some aspects of jobs a company (outsourcer) supposed to perform to another company (vendor) to enable it concentrate on the core areas that it have comparative advantage. At the centre of outsourcing is the concept of core competences. Core competences according to Hilmer and Quinn (1994) are the collective institutional learning capabilities of the company that allow it to supply products and services that uniquely add absolute pre-eminence. Greaver (1999) sees it as the innovative combination of knowledge, special skills, proprietary technologies, information and unique operating methods that provide the product or service that customer value and want to buy. Nowadays, many companies wishing to stay afloat and sustain themselves in a highly competitive economic market concentrate in the areas with which they have strong production or service capacities and sub-contract other production or service components to an agent or vendor whom they consider as having core competence as well. The decision to do so may be due to risk avoidance or considered as part of the global division of labour. In this sense, it involves a

contractual agreement between two or more organizations in exchange of services for a tangible reward.

Successful outsourcing has been found to have positive effects on business performance (Dele, 2012). Other arguments in favour of outsourcing are that it leads to reduction of costs, increased sales turnover and profitability, enhances expertise, improves service quality, reduces staff strength, streamlines the production process, reduces administrative burden and saves time, induces faster access to intellectual property and knowledge, enhances capacity for innovation and can lead to price reduction which benefits customers and society in general.

Despite the advantages of outsourcing enumerated above, some disadvantages have been noted which outsourcing has (Quinn, 2000; Manning, 2008). They include: It can lead to defective products or services thereby resulting in quality risk, it can lead in low productivity due to the use of cheap labour and materials, valuable skills and competencies may be lost as a result of high turnover, outsourcing may lead to litigation and threat of insecurity due to unfriendly labour practices by outsourcing firms. In many instances, many outsourced staff of companies and industries do not enjoy equal workplace rights and privileges as their permanent staff counterparts. In view of the relative deprivation faced by the outsourced staff, the work environment appears to them threatened, insecure and unsafe. As noted by Dele (2012) not all companies embarking on outsourcing project actually achieved their expected improved results. Some have failure records.

The major aim of this paper is to examine outsourcing, its concept, processes, theories and the zero-in the practice in post-consolidated banks in Nigeria. The paper adopted a qualitative approach in this regard by relying on secondary data obtained from the literature.

2. Literature Review

2.1 Determinants Of Successful Outsourcing Programme

Quinn (2000) and Manning (2008) estimated that as many as 40 to 50 percent of companies implementing outsourcing programme do not achieve the improved results they sought. Hence, failure arising from outsourcing can be attributed to the parties not to have taken into consideration certain factors that might affect the potential or real implementation of a

successful outsourcing programme. These factors are subsumed under the determinants of successful outsourcing. Elmuti (2003) in Dele (2012) listed comprehensive principles which must be followed if outsourcing programme is to be embarked upon. He stated that:

- To carry out outsourcing programme, the two companies must do adequate research and planning. This must be followed with a thought-out objectives, goals and expectations of the programme.
- The right outsourcing partners should be chosen. Credibility, reliability as well as expertise should form the guiding principle.
- The outsourced company should be equipped with the right skills to negotiate valid contract.
- Adequate planning must be done in the various phases of outsourcing. This must be done by people with the right knowledge.
- Change of management systems and culture is quite necessary. This is so, in order to accommodate the corporate cultures of both companies.
- There must be a well coordinated communication and information flow between cross-functional, operational and support services. In addition, Top Managers must be deeply involved and committed to the success of the programme.
- Control mechanism must be adequately put in place. In this sense, all stakeholders must be monitored and evaluated.
- Reward or payment system must clearly be spelt out. Who gets what, how and when is important. In other words, workers morale must be taken into consideration.
- The operation of the contract must be within the framework or ambit of substantive labour laws.
- Infrastructure of the two companies must be aligned and harmonized. This will enhance smooth operation and improve productivity. Hence, there must be flexibility of both companies.
- There must be a feedback mechanism to obtain information about performance and analysis of the reward system as well as inputs on ways to improve the programme.

Khong (2005) corroborated Elmuti (2003) views that the inability on the part of the two companies to assess the imagined and real impact of outsourcing often leads to failure, hence the above factors have significant influence in successful outsourcing programme.

2.2 Outsourcing Process/ Phases in Outsourcing

The principles of having a successful outsourcing programme falls into some frameworks, phases and models of the outsourcing process. However, all the frameworks/models found in the literature (Greaver, 1999; Momme, 2002; Cullen and Willcocks; 2003; Franceschini et al, 2003; Corbett, 2004; Click and Duening, 2005; and Mclvor, 2005) grouped the

outsourcing process into five stages. Namely: Preparation, Vendor(s) selection, Transition, Managing Relationship and Reconsideration stages. As stated by Pedersen (2007), each of the stages has to provide answers on various questions, thus stressing the complexity of the outsourcing process and the need to manage it carefully throughout all of its life cycle. Table I provide detailed insight into the contents of each of the phases.

Table 1: Key activities and issues within the phases of the outsourcing process.

Phase	Key activities	Some key issues
Preparation	Strategy Sourcing option Approach	Underlying philosophy Why and what to outsource Big bang Incremental Piecemeal
	Configuration	Many suppliers Preferred suppliers Prime contractor with subcontractor Sole supplier
Vendor(s) Selection	Screening of potential vendors Preferred relationship Preferred length of the contract Drafting the Agreement Announcing outsourcing	Contractual or collaborative RFP Evaluation
	Choosing the vendor Negotiating Finalizing the contract	Creating a win –win situation Type, flexibility and content of the contract
Transition	Defining communication and exchange of knowledge and information. Transferring assets, people, information, knowledge, hardware, software.	Change management Reengineering Adopting organizational structure and processes
Managing relationship	Human resource management Type of relationship	Job loss, transfer Reciprocal Client dominant Vendor dominant Preferred vendor
	Maintaining relationship	Contracts Trust Hostages
Reconsideration	Handling meetings and communicating Performance monitoring and evaluation Applying incentives and penalties Solving problems Re-negotiating and managing variations Managing success factors	
	Reconsidering	Continue Change vendor Back-source Switching costs

Source: Jorgen Lingaard Petersen (2007). **Outsourcing process and theories. Pom 18th Annual conference, Dallas, Texas, U.S.A.**

The core concern of the Preparation Stage is the firm's capacity to take critical decision concerning **Whether, What, Where, When, and How** to outsource. This decision bothers most significantly from the evaluation of the availability of human, materials and technical competencies within the firm. The lack wherefore would account for the need to outsource. Equally, having identified the areas of critical need, the firm has to seek for vendors (Vendor Selection) with the requisite capacity to leverage on the firm's areas of lack. This Vendor selection phase bothers on the firm's decision of choosing **whom to** contract the job to. The Transition phase follows the selection of vendor phase and entails having two managements in one firm. This entails an evolution of new and complex work cultures, organizational structure, communication pattern and the need for flexibility and re-engineering. In this phase, the principal must concern with **How to** manage systems. Like the Transition Phase, the Managing Relationship Phase of the outsourcing process is also concern with **How** to maintain relationship between the preferred vendor after due evaluation of the success of the contract. The last phase being the Reconsideration phase concerns the firm's consideration of the contract. It lies emphasis on the **whatnow** question. For instance, having contracted the job to a vendor and the firm is operating at optimum capacity, should the contract continue and vice versa. Key issues addressed by each of the phases are stated in Table 1.

2.3 Theories of Outsourcing

Quite a number of theories and approaches have been used to explain outsourcing phenomenon. Each of the theory presents view-points about the **why** and **wherefore** of outsourcing. In view of their numbers, they can be grouped into three categories. Namely: (a) Strategic theories (Core Competences Theory, Incomplete Contract Theory, Resource Based View), (b) Economic theories (Transaction Cost Economics (TCE) Theory, Agency Theory) and (c) Social / Organizational theories (Social Exchange Theory, Relational theory). At least two theories in each category would be discussed in an outline

2.3.1 Core Competences Theory

This is a theory of strategy that prescribes action to be taken by firms to achieve competitive advantage in the market place. The concept of core competency states the "firms must play to their strengths or those areas or functions which they have competencies. A firm must be seen to have those defining features or capabilities that distinguished it from significant

others. Argument in favour of core competence is that core activities of a firm should remain in house. It could be in areas such as Human resources, physical assets, patents, brand equity and capital. Where firms lack in-house competence, could seek for such competences from vendors outside. Vendors' competences have been found to influence success of an outsourcing arrangement (Levina and Ross, 2003).

2.3.2 Incomplete Contract Theory

The theory of incomplete contract was propounded by Grossman, S. J. and Hart, O. D. (1986) in their work: *The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration*. It is argued that most contracts by their very nature are incomplete as the parties cannot possibly foresee all possible future contingencies and have perfect solutions to them. When this happens, both parties may voluntarily decide to re-negotiate the contract in the future, thus making current terms voids. Hence, the theory of incomplete contract supports the activities to be outsourced and contract management between the outsourcer and its vendor.

2.3.3 Resource Based View

Resource-Based theory was propounded by Barney, J. B. in the year 1996. He sees outsourcing as a strategic decision made by firm to fill gaps in the firm's resources and capabilities. A firm's strategic resources are those valuable, rare, non-substitutable and manageable assets which enables firms' optimal performance. These resources could be material (machines, equipment), non-material (technological knowledge) and human and vary from firm to firm. Some firms lack these valuable resources and have to depend on other firms for supply if they are to survive. Hence, Resource Based View sees limited resources as the basis of outsourcing among firms. Firms that lack valuable resources should seek for an external provider in order to overcome the weakness.

2.3.4 Transaction Cost Economics (TCE) Theory

Transaction Cost otherwise known as Coordination Cost theory is central in the field of strategy. Pioneered by Ronald Coase (1937) and orchestrated by Oliver Williamson (1981). Transaction Cost Economics holds the views that economizing on transaction costs is mainly responsible for the choice of one form of capitalist organization over another (Williamson, 1979). In economics and related disciplines, a transaction cost is a cost incurred in making an economic exchange. In other words,

transaction cost refers to the cost of providing for some goods and services through the market rather than having it provided from within the firm. It involves such costs incurred during the search for suppliers/partners/ customers; cost sustained in order to have a valid contract and costs of monitoring and enforcing the implementation of the contract.

2.3.5 Agency Theory

Agency theory was propounded by Jensen, M. C. and Meckling, W. H. in 1976. The focus of this theory is to see a firm as a nexus of contracts between principals, stakeholders (customers, suppliers or shareholders) and agents. In this context therefore it aims at providing an understanding between outsourcer or principal and vendor or agent. The basic assumption of the Agency Theory is the existence of asymmetric information and different perceptions of risk and uncertainty between principal and agent. The idea is that, the principal transfers decision rights to the agent and make sure that the agent behaves as expected given the principal's sets incentives. Where this theory applies most is during contract. Jensen and Meckling, (1976) observed that when uncertainty and risk is seen to be low a client or agent prefers to sign a fixed-fee contract but when it is otherwise, they prefer to sign time and material contract.

2.3.6 Social Exchange Theory

The Social Exchange theory is more prominent in the works of Peter Blau (1964), Emerson (1976) and George Homans (1961). Before them, early sociologists such as James Frazer, Bronislaw Malinowski and Marcel Mauss had conceptualized social associations as exchanges of activities between two or more persons (Turner,1978). By social exchange, Blau implies a "voluntary actions of individuals that are motivated by the return they are expected to bring and typically do in fact bring from others" (Blau, 1964:91). Within the context of outsourcing, the theory therefore presupposes that the exchange of resources (material or social) is a basic form of human interaction. The actors weigh the gains and losses that may accrue from such informed interaction. Hence, the more beneficial and cost effective a firm get in contracting aspect of its work to an agent, the more the likelihood of social exchanges and engagements between the outsourcer and the agent.

2.3.7 Relational View Theory

Relational view theory is a social organizational theory advanced by Melvor, R. to explain how firms

gain and sustain competitive advantage within inter-organizational relationships (Melvor, 2005). Its major focus is cooperation, interaction and social economic exchanges. In this context, the outsourcers would mostly contract work to vendors they have optimum cooperation and understanding of the work process. It also has significant impact in the supply chain management and supplier-buyer relationship.

2.4 Pre-consolidation, Consolidation and Post-Consolidation of Banks in Nigeria

The era before 2005 in the banking industry in Nigeria could aptly be regarded as the pre-consolidation period. During the pre-consolidated period there were over 90 banks with low capital base and limited regulations in the industry. Soludo (2004) describe banks of this era as illiquid, unprofitable, and uncompetitive on the international market and ultimately creating a risk for the Nigerian people who deposited their income with them. He reasoned that a number of factors led to banks poor performance during this period. They include corruption, questionable business practices and weak corporate governance (Soludo, 2004). These factors led to the massive failure of many commercial banks in Nigeria. As noted by Nwosu (2013) between 1950s and 1980s about 21 out of 25 commercial banks failed in one big swoop.

It was this massive failure and the associated consequences that necessitated the need for consolidation of banks in Nigeria. In view of this, the Central Bank of Nigeria in December 31st, 2005 required all commercial banks in the country to increase their capital base to a minimum of twenty-five billion Naira (Ajayi 2005). This exercise led to a drastic reduction in the number of commercial banks in the country from over 40 to 22. Smaller banks who could not meet up the conditional capital requirements were either bought over by bigger banks or were merged. Only twenty-two (22) commercial banks were successful in this exercise as shown in Table 2.

The major aim of the consolidation was to guarantee an efficient and sound financial system. Lemo (2005) stated that the consolidation of the banking sector was to enable commercial banks have required capacity to support the economic development of the nation by efficiently performing their functions as the head of financial intermediation. Thus, consolidation was to ensure safety of depositor's money, position banks to play active development roles in the Nigerian economy. Equally, the consolidation of commercial banks has been noted to enhance

economies of scale and cost reduction (Nwosu, 2013).

Nevertheless, the consolidation process was seen to have negative impact on employees of the smaller banks that were merged or acquired as some of them were made to work in bigger banks with different work culture, orientation and policies. Some experienced a slash in salaries and other benefits while some were retrenched or made to voluntarily retire through downsizing with or without benefits

thereby contributing a significant number to the already burgeoning unemployed persons in the country. Managers of the smaller banks who could not fit into the post consolidated bank arrangements took advantage of the situation by establishing outsourcing companies by recruiting and training staff laid-off in the course of the merger to post-consolidated banks that care for fire. In view of this, a good number of the unemployed and the downsized staffers of banks submit themselves to be trained for hire by the outsourcing vendors.

Table 2: List of Commercial that met 22 Billion Naira Minimum Share Capital Requirements

S/ N	Consolidated Bank	Constituent Banks
1.	Access bank	Access Bank, Marina International Bank and Capital Bank
2.	Citibank	Citibank
3.	*Diamond bank	Diamond Bank & Lion Bank
4.	Ecobank Nigeria	Oceanic Bank
5.	Enterprise Bank	Formerly Spring
6.	Fidelity Bank of Nigeria	Fidelity Bank, FSB International Bank and Manny Bank
7.	First bank of Nigeria,	First bank of Nigeria, FBN Merchant Bankers, and MBC International Bank
8.	First City Monument Bank	Fin Bank
9.	Guaranty Trust Bank	Guaranty Trust Bank
10	Heritage Bank	Heritage Bank Plc
11.	Keystone Bank	Keystone Bank (formerly Bank PHB)
12.	Main-street Bank	Main-street Bank (formerly AfriBank)
13.	Savannah Bank	Savannah Bank
14	Sky Bank	Prudent Bank, EIB International, Cooperative Bank, Bond Bank and Reliance Bank
15	Stanbic IBTC Nig. Ltd	IBTC, Chartered Bank and Regent Bank
16.	Standard Chartered Bank	Standard Chartered Bank
17	Sterling bank	Magnum Trust Bank, NAL Bank, Indo-Nigeria Bank and Trust Bank of Africa
18	Union Bank of Nigeria	Union Bank, Union Merchant Bank, Universal Trust Bank and Broad Bank
19	United Bank for Africa	United Bank for Africa and Standard Trust Bank
20	Unity bank	Intercity Bank, First Interstate Bank, Tropical Commercial Bank, Pacific Bank, Centre Point Bank, NNB International Bank, Bank Of The North, Societe Bancaire and New Africa Bank
21	Wema Bank	Wema And National Bank
22	Zenith Bank	Zenith Bank

Source: Adapted from Nwosu, C. E. (2013), post consolidation of the Nigerian Banks, Published M.Sc. Dissertation submitted to Eastern Mediterranean University, North Cyprus.

*Diamond bank has recently been acquired by Access bank.

3. Outsourcing Employment in Nigeria: Contextualizing the Trend in Post-Consolidated Banks

As earlier noted, commercial banks in Nigeria contribute enormously to the country’s GDP by providing funds to the real sector and employment to a sizeable number of employees. Evidently, almost two-thirds of employees in some commercial banks in Nigeria are outsourced staff (Essien, 2014). They function in banks in areas such as cash mobilization (marketers), teller functions, cashiers, dispatch and security as well as other technical services. Many commercial banks demand elegant and attractive girls for employment from outsourced companies for marketing functions. Also well connected young and

handsome men enjoy favourable employment opportunities in commercial banks in order to attract investments to the banks. The young men and ladies are often given targets by their principals to meet in order to secure their jobs (Essien, 2014). In view of this, employees serving in banks were observed to move from office-to-office marketing their services in a bid to meet the target set to them by their employers. The male counterparts are not left out, as they are equally made to fulfil certain financial targets. This scenario has led to the exposure to risk, job dissatisfaction and high job turnover among bank employees in Nigeria (Essien, 2014).

Some factors impact on banks operations and account for why banks outsource in order to cut costs on

human capacity utilization. They include: high cost of electricity generation due to epileptic power supply from the national grid, high cost of foreign exchange, poor investment level and high import activities and sometimes government delayed budget. It is noteworthy that this situation is not peculiar to banks alone, a good number of employers of labour particularly in the private sector (education and manufacturing) have tended to outsource personnel in view of the fact that they are seen to be cheap labour (the case of private schools) couple with high overhead costs.

This trend has had significant impact and far reaching implications on human resources as it has violated workers rights, reduced their respect and dignity. A good number of outsourced employees of banks as observed are working under unfavourable conditions. Their precarious employment condition denies them:

- The right to organize and bargain collectively;
- The right to be free from slavery or bonded labour;
- The right to be free from discrimination and;
- The right not to be unfairly dismissed.

This is true as the outsourced employees in post-consolidated commercial banks in Nigeria are engaged as contract or casuals and do not enjoy equal rights and privileges as those of the permanent staff counterparts. For instance, outsourced staff do not belong to trade unions operational in banks (National Union of Banks, Insurance and Financial Institution Employees-NUBIFIE, and Association of Senior Staff of Banks, Insurance and Financial Institutions-ASSBIFI). They do not bargain their pay, nor enjoy overtime pay; neither do they enjoy regularization after three to four years of casual labour as stipulated by labour laws nor do they enjoy appropriate severance packages or gratuity. Worst still, they are made to work on weekends. In other words, their jobs appear to be neither pensionable nor tenured. Moreover, little is known whether outsourced companies employing workers for banks or the principal banks implement contributory pension scheme; if no, this suggests a gross violation of the 2011 Pensions Act as Amended and a bridge of the International Labour Conventions on non-compliance to global best industrial relations practice in the work place?

Facts indicate that in 2017 alone First City Monument Bank had sacked over 600 of its workers; most of them were outsourced staff (The Rainbow, 2017). In the same year 2017, Diamond Bank now

Access Bank sacked 630 outsourced staff under its employ. Equally, First Bank retrenched about 100 staffers while Ecobank sacked about 50 staff majority who were outsourced. Other banks such as Guaranty Trust Bank, UBA, Skye Bank, Heritage Bank were said to have discreetly undertaken similar exercise in the year 2017 (The Rainbow, 2017).

Equally, between January to August 2019, news report had it that Ecobank again downsized over 2000 of its workforce (both permanent and contract staff). The most affected workers were those on contract and basically tellers. Reasons for the massive laid off of the workers was simply because they had “stayed beyond ten years on a grade” and therefore could be said to be unproductive (Nasir, 2019). As observed by Nasir, (2019), banks contribute in making workers stay in a grade for too long. In addition, some bank managements in a bid to avoid promoting workers rotate their workers to units few months to annual performance appraisal where they would be appraised as new employees in the new unit or department. This affects their aggregate scores since they are appraised by new supervisors they are working under who may barely have good knowledge of their work records. This would have been remedied during normalization process where the supervisors along with the representatives of the human resources and the Managing Directors sit together to defend workers’ appraisal for subsequent promotions but at times the Managing Directors of Banks hijack the process by not engaging supervisors to defend the appraisal of employees under them. Banks tactically do this to avoid the burden of extra cost arising from workers promotion.

The issue of severance allowance is a burning one between outsourced employees of commercial banks and the managements. In July 12, 2019 dismissed Ecobank workers carried out mass protest and demonstration to drive home their grievances over none and poor payment of severance packages. A good number of the workers lamented having spent upwards of 10 to 15 years with the bank, only to be paid peanuts as severance package (Nasir, 2019). The workers believed that only a paltry 30 to 40 percent of their due were paid. For them “instead of N250, 000 (for every year they worked), Ecobank brought it to half of their monthly salary. So, whosoever was earning N60, 000 would get N30, 000 multiply by the number of years they worked” (Nasir, 2019).

Again, on Friday 31st January 2020, over 900 workers of First Bank Plc were sacked without prior notice (Business Yield News). Two categories of workers were affected by this decision. First were workers

whom the bank categorized as incompetent and second, those who had worked with the bank for more than 30 years irrespective of their rank. The first category was those outsourced as the case may be. The matter was reportedly waded into by the union who hoped to ensure that the sacked workers were not laid-off without adequate compensation irrespective of the categories. These and others are pointers to how outsourcing employment has made workers vulnerable to manipulations, precarious and indecent work conditions. It also suggests the lack of transparency in employment contract on the part of the principals and the vendors or failure of poorly executed outsourcing programme

4. Conclusion

Outsourcing is a dominant employment practice common to banks, education and oil and gas industries in Nigeria. Social, economic and technical forces have constrained these industries to strategize on how to remain viable and compete favourably with others within the sector. Outsourcing employment practices have proven to be of great benefits to firms. The banking sector in Nigeria has recorded success stories about outsourcing. Particularly, cost reduction and maintaining core competencies. Outsourcing also has its demerits, especially on the labour relations aspect. Therefore the success and failure of any outsourcing programme depends on its implementation. A task both the principal (s) and the vendor(s) must consider as utmost important.

5. Recommendations

Based on the findings, the following recommendations are made:

- Outsource companies are required to recruit obedient, honest, committed workers with high competencies for the principals in order to achieve the principal's goal of outsourcing
- The need to engage the principals in robust salaries negotiations and other incentives for their employees by the outsourced companies becomes paramount; this is vendor selection phase of the outsourcing programme and relies heavily on the economic planning and legal framework of the outsourcing process.
- It is imperative for outsourced companies to issue adequate employment letters stating the terms of employment to outsourced staff is not to be over emphasized. The condition

of service surrounding staff employment should be made known to them. This is so following several complaints from contract employees of banks about ignorance of substantive issues of their work (working conditions, absence of overtime pay, working during public holidays, and absence of annual leave).

- High taxation and salaries deductions made by vendor companies should be checked by the principals. The principal companies should put necessary legal framework in place to check exploitation of the outsourced staff by the vendor companies.
- Committed and hardworking outsourced staff should be regularized and given full employment by the principal. This will motivate other outsourced staff to work harder and be committed to their work in the hope of securing permanent job in the future.
- All entitlements and incentives due to outsourced staff should be channelled directly to the beneficiaries without necessarily passing through the vendor to avoid the tendency by the vendor to short-change the outsourced workers.

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