Synopsis of Economic Recession and Labour Casualization in the Manufacturing Company in Nigeria

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ABSTRACT

The economy of a nation can be seen as a universal set. The sectors in the economy can be the subsets of the universal set while on the other hand the individuals and households can be seen as the elements of the subsets. Therefore, anything that affects the Universal set (economy) it will also affect the subsets (sectors) which in turn, have a serious effects on elements (individuals and households). One of the major problems that affect the entire activities of an economy is recession. During recession, there is usually a serious decline in macroeconomic indicators such as GDP and, employment which ultimately increase the adoption of casual employment in most organizations in Nigeria. This study seek to investigate the nexus between economic recession and labour casualization in the manufacturing company in Nigeria. Data was sourced through structured questionnaire and was analyzed through regression analysis. Findings revealed a positive relationship between economic recession and labour casualization and was significant at 1% with p=0.01. The study concluded that economic recession have significant influence on labour casualization in the Nigerian manufacturing company and recommended that government should diversify the economy and enunciate a regulatory framework that will regulate the nature and practice of labour casualization in the Nigerian manufacturing company and that employers of labour should ensure that those who are on casual employment be made permanent employees after the statutory period stipulated by the Nigerian labour law in order to avoid *casual employment in perpetuity which is the bane of casual employment.*

Keyword: *economic recession, labour casualization, contract employment, salary slash, retrenchment*

Introduction

Presently, in Nigeria's employment structure and labour relations practice, one challenge that is becoming popularly practiced is casualization of labour. It is gradually becoming a norm as permanent employment is becoming unpopular and eroded. This employment practice is regarded as antithetical to traditional permanent employment relationship (Kalejaiye, 2015). Casualization of labour is an employment practice which is characterized by precarious employment conditions, wherein the employee is denied basic employment benefits accruing to standard/permanent employee. Under this practice, employees are hired on casual basis to perform work of permanent nature directly from the labour market or through a labour broker in a triangular relationship. The upsurge in the number of organizations that use casual worker has been attributed to a number of industrial and economic challenges, such as economic uncertainty, government policy inconsistency, massive unemployment, globalization, the shift from the manufacturing sectors to service sector and spread of information technology (Kalejaiye, 2014; Oludele, 2015). They stated further that these changes have created a new economy which demands flexibility in the workplace, and as a result, caused the decline of the permanent employment relations and a dramatic increase in casual work.

Shadare (2011) concluded that labour casualization is on the increase in Nigeria because of government crave for foreign direct investment and advanced industrialization, such that foreign investors, as part of their conditions for investing in the Nigerian economy usually negotiate that only a small percentage of their employees will work on permanent basis, while the majority part will be casual workers. Alozie (2009), Adeleye (2011) and Okafor (2012) traced the emergence of casualization in Nigeria's labour market to the introduction of Structural Adjustment Programmes (SAP) in 1986, as well as adoption of International Monetary Fund directives and World Bank loans. According to Fapohunda (2012), the combination of these factors and more led to a stump in the economy. Many factories shut down, others operate below minimum capacity and found it difficult to compete in the globalized economy which tilted more in favour of the developed economies. While Alozie (2009) argued that the resultant effect of the policy was unprecedented retrenchment of workers in both public and private sector which created a large scale of unemployment, , Fapohunda (2012) surmises that it forced enterprises in Nigeria to reduce their staff strength and replace them with casual workers in order to cut the costs of production and remain competitive.

Today, many employers of labour adopt casual employment as means of ameliorating the effect of economic recession so that the organization will remain in business as the recession persist. In view of this, the study will examine the influence of economic recession on labour casualization in the Nigerian manufacturing company.

Research Hypothesis

The study was be based on the following hypothesis:
Ho – Economic Recession has no significant Influence on Labour Casualization in the Nigerian Manufacturing Company.

Literature Review

Concept of Economic Recession

Proper understanding of the economy will give a balanced view of what economy recession connotes. Adegbite et'al (2013) averred that economy is the state of a country or region in terms of the production and consumption of goods and services and the supply of money. Oludele (2015) concluded that is a careful management of available resources. It goes with saving, careful budgeting, providence and frugality. Sumer (2010) said that economic activity is spurred by production which uses natural resources, labour and capital. It has changed over time due to technology (automation, accelerator of process, reduction of cost functions), innovation such as that which produces intellectual property and change in industrial relations.

Economy is the large set of inter-related production and consumption activities that aid in determining how scarce resources are allocated in an area. It includes everything related to production and consumption of goods and services. An economy exists to satisfy it yearnings of necessary needs (Adegbite et'al, 2015). The economy of a particular region or country is governed by its culture, laws, history and geography, among other factors, and it evolves due to necessity. For this reason, no two economies are ever the same (Olowe, 2012). Grimsley (2012) suggested that an economy is a system of organizations and institutions that either facilitate or play a role in the production and distribution of goods and services in a society. Economies determine how resources are distributed among members of a society; they determine the value of goods and services; and they even determine what sorts of things can be traded or bartered for those services and goods. Grimsley concluded that how a society structures its economic system is largely a political and social issue. The political and legal structure of a society will govern how wealth can be accumulated, how wealth and resources are distributed, and the manner of competition permitted between different participants in the economy.

There are three big economic systems in use by modern governments: capitalism, socialism and communism (Adeleke et'al, 2014). Capitalism is a market-based economic system where individuals own all resources. In pure capitalism, the only role of the government is to enforce the rules of the market place, preventing illegal activity from destabilizing the economy, and to protect the property rights of individuals. Socialism, according to Adeleke et'al (2014) is an economic system in which individual own their human capital. This means that while you have less freedom in a socialist system than in a capitalist system, you own your own labour. No one can make you to work a particular job, and employers must bargain with employees to trade their labour for money or other financial incentives. The government in a socialist system owns almost all other factors of production, such as land and capital goods. In Socialism, the government determines what to produce, how much to provide and who gets what through a central planning process. The last major economic system, communism, according to Adeleke et'al (2014) is becoming less and less common today, but for much of the 20th century was popular in Eastern Europe and part of Asia. Under communist system, all factors of production (capital, land and labour) are owned and controlled by the state. The government is fully engaged in central planning to determine what is produced, how much is produced and who gets it (Adegbite et'al, 2015; Elegbeleye, 2013; Sahdev, 2013).

Fapohunda (2012) averred that economic recession is a period of economic slowdown featuring low output, illiquidity and unemployment. It is characterized by its length, abnormal increases in unemployment, falls in the availability of credit, shrinking output and investment, numerous bankruptcies, reduced amounts of trade commerce, as well as highly volatile relative currency value fluctuations; mostly devaluations, financial crises and bank failure. Olokoyo & Ogunnaike (2015) defined economic recession as a downturn in a nation's economic activity. The consequences typically include increased unemployment, decreased consumer and business spending, and declining stock prices. According to Ogunleye (2009) economic recessions are typically shorter than the periods of economic expansion that they follow, but they can be quite severe even if brief.

Claessense (2009) and Kose (2012), averred that economic recession refer to a period of decline in economic activity. But in practical view point, recession is a period of time when a country's Gross Domestic Product (GDP) declines for at least two consecutive quarters in a quarter-to-quarter comparison (Mazurek & Mielcova, 2013). This implies that if an economy grows by 2% in one quarter and then contracts by 0.5% in each of the next two quarters, it is deemed to be in recession. Although this definition, which was first suggested by Julius Shisken (1974) is instructive, it has two weaknesses. First, the "two-quarter" rule is flawed. Judgment should be made based on monthly data of economic activity such as industrial production, employment, real income and wholesale and retail trade. Second, the focus on GDP alone is narrow.

The National Bureau of Economic Research (NBER), a prominent economic research organization in the United States put forward a working definition of what constitute a recession. The NBER (2010) defines a recession as when a significant decline in economic activity spreads across the economy, lasting more than a few months to more than a year, normally visible in real Gross Domestic Product (GDP) growth, real personal income, employment, industrial production and wholesale- retail sales.

During recession, there is usually a serious decline in macroeconomic indicators such as GDP, employment, investment spending, capacity utilization, household income, business income, aggregate demand, aggregate supply, with an increase in the rate of unemployment and inflation. Technically and economically, when an economy recorded two consecutive quarters of negative growth in real GDP, it clearly shows that the economy is deeply into recession. The economic recession has a number of features including weak macro- economic fundamentals, high inflation rates, exchange rate crisis, devaluation of currency, decline in gross domestic product and difficulties in balancing international payment on current account (Esezobor 2008; Sampson, 2009).

Recession can be caused by two broad factors: internal (endogenous) and external (exogenous). The former is usually as a result of conflict of ideas, misapplication of economic theory and regulatory negligence or policy inconsistency. The recent economic recession in Nigeria was caused by these internal factors; mismanagement of funds by the past administration, corruption, import restrictions, budget approval delay etc. The external causes of recession have to do with factors that are exogenous to the economy over which policy makers have little or no control. Factors like natural disaster, climate change, Boko Haram insurgency, vandalization of oil pipeline by the militants, herdsmen / Farmers crisis, unexpected fall in oil price, implemented policies on the OPEC nations, etc. Agricultural economies normally face crop failure resulting in general economic slowdown. Also, a mono-economy could suffer recession from international price shock for its product. Just recently, the corona virus pandemic ravaging the whole world with it attendant effect of lock down and restriction in movement and economic activities has made the economy to relapse and fall into recession that has never been in recent year (Ogundare, 2020).

Other group of economists was on the view that negative demand and supply shocks as well as deflationary macroeconomic policies are the main causes of recession. The negative demand-side shocks that affect the aggregate demand work through a global economic slowdown that impacts major trading partners of a country. CBN (2012), observed that in the case of Nigeria, when there is economic slowdown in the U.S., China, India and EU, it could have negative impact on the demand of Nigerian crude oil from these countries. As a result, government's revenue and spending would drop, taxes will rise, disposable income will fall and aggregate demand will fall, which in turn, affect the production of goods and services negatively and therefore, these would lead to economic recession. Another source of negative demand shocks could be sharp appreciation of the domestic currency, which encourages import and discourage export of goods and services, and causes disequilibrium in balance of trade and deterioration in the balance of payments position. Supply side shocks causes of recession result mainly from general increases in commodity prices as a result of an increased in cost of production. These factors are inflationary in nature. Inflation, which is the persistent general rise in prices of goods and services as a results of high cost of factor inputs, which are usually transferred to the final consumers who can only afford less quantity because of higher prices. This lowers demand for goods and services, and reduces the standard of living, and ultimately reduces production of goods and services by firms and led to letting off some workers from work.

According to Abubakar, et 'al (2018) another major cause of this deadly economic disease is corruption. Corruption is a disease, which eats into the cultural, political and economic growth of any country and as well destroys the functioning of various organs of the government. Obviously, in the case of developing country like Nigeria, where limited resources that are initially allocated for industries, hospitals, road construction, schools and other infrastructure are either, embezzled, misappropriated, or otherwise severely depleted through kickbacks and over invoicing by government officials. The most painful part of this corruption is that after our wealth has been stole, instead to be invested in the country they rather take it to other unknown people to benefit than their own people. The value of money is only it purchasing power but also it generating power. The most noticeable impact of the crisis on Nigeria as argued by Soludo (2009) included decline in real output growth, weakened financial systems takeover and bankruptcy, loss of jobs, loss of confidence in the financial system and stock market crashes among others.

Economic Recession and the Nigerian Manufacturing Company

It is abundantly clear that the manufacturing sector plays an important role in the industrialization process or economic development of the country. A country willing to grow towards self-reliance, self-sustenance and fight the effect of globalization and economic recession must have a serious plan for the manufacturing sector of the economy (Ayodele, 2013). A vibrant manufacturing sector has been acclaimed as a sure means of boosting economic growth and raising the standard of living. In the modern world, the manufacturing sector is described as the basis on which the nation's economic efficiency is compared, ranked and determined (Yannis, Diana & Rolf 2015).

Manufacturing sector refers to those industries which are involved in the fabrication and processing of items and indulge or give free rein in either the creation of new commodities or in a value addition (Adebayo, 2010). To Dickson (2014), manufacturing sector accounts for a significant share of the industrial sector in developed countries. The final products can either serve as finished goods for sale to customers or as intermediate goods used in the production process. Loto (2012) refers to manufacturing sector as an avenue for increasing productivity in relation to import replacement and export expansion, creating foreign exchange earning capacity, raising employment and per capita income which causes unrepeatable consumption pattern. Mbedele (2012) opined that manufacturing sector is involved in the process of adding value to raw materials by turning them into products. Thus, manufacturing industries is the key variable in an economy and motivates conversion of raw materials into finished goods.

Manufacturing industries came into being with the occurrence of technological and socio-economic transformations in the western countries in the 18th-19th centuries. This period was widely known as industrial revolution. It all began in Britain and replaced the labour intensive textile production with mechanization and use of fuels. In Nigeria manufacturing industries is as old as the nation itself. It dates back to the amalgamation of the southern and northern protectorate in 1914, by a representative of the colonial administration of Britain (Charles, 2014). As soon after independence, the government of Nigeria embarked on import substitution as an industrial strategy in order to reverse the problem of deficit balance of trade and fasten industrialization among other reason because the colonial masters paid little or no attention to establishing manufacturing companies and industrializing manufacturing companies and industrializing Nigeria (Loto, 2012).

Right from the first Nation development plan (1962-1968) to the fourth national development plan (1962-1968) rapid industrialization received priority in Nigeria development objective, and so many manufacturing industries came into existence. The government for instance, allocated 16.2 percent of her budget to the manufacturing sector during the third national development plan (1975-1980) which was the highest ever, categorizing the manufacturing sector into engineering, construction, electronics, chemical, energy, textile, food and beverage, metal-working, plastic, transport and telecommunication sector (CBN, 2012). To solve the rising problems of the sector and the economy in general, Nigeria embarked on Structural Adjustment Programme (SAP) in 1986 on the assumption that Structural Adjustment Programme would correct these problems. It has important implication on both the government and the industry. It has brought government to re-appraise the regulatory environment, the structure of protection of local industries and the package of incentive available (Aluko, 2014).

Responding to the dilapidated state of the manufacturing sector as caused by economic recession, the federal government of Nigeria prioritized the agriculture and manufacturing sectors by directing commercial banks, through the Central Bank of Nigeria, to devote a certain percentage of their loanable funds to these sectors. Hence, to encourage commercial banks to meet their target, the Central Bank of Nigeria introduced the Agricultural Credit Guarantee Scheme (ACGS) to guarantee credit disbursement by commercial banks. Credit to the agricultural sector could take the form of an overdraft, short, medium and long-term credit, depending on the purpose and gestation period of the project (Mufutau, 2013).

The collapse of the existing infrastructure has tremendous effect on the manufacturing industries that use diesel to power their plant during power outage. This increased cost of production led to low capacity utilization and also made our industries increasingly less competitive in the global economy (Lyman, 2014). Economic recession created harsh economic climate in Nigeria, especially the manufacturing companies, which is evidenced by high energy cost, high bank interest rate (22 percent), and high naira exchange to dollar presently fluctuating between (₦300 – 1USD). Some of the multinational companies like Dunlop Nigeria plc, Ok foods, and Michelin plc closed business office in Nigeria and relocated to neighbouring countries because of harsh economic climate (Chukwu, *et al* 2015). Inadequate infrastructure especially power has sent many textile industries and food processing companies into oblivion since they cannot operate at high cost of production and remain in business (Eze, 2014). Organizations as a centre piece of economic activities responds to economic recession in two forms; organizational downsizing and organizational decline (Lee, 2001). Whereas organizational downsizing is intentional proactive management strategy, organizational decline is an involuntary negative consequence of non-adjustment of adverse environment circumstances such as recession (Chukwu, *et al*, 2015). Elegbeleye (2015) concluded that because of the unfavourable economic condition that manufacturing industries operates, many has resulted in engaging employees on casual basis and seeking for other means to reduce the burden of monthly wages and other statutory responsibilities to employees.

Significant Signs of Economic Recession in the Nigerian Manufacturing Company

The effect of economic recession is ominous in the Nigerian manufacturing sector because of the developing nature of our economy and lack of adequate preparation for future eventualities (Kalejaiye, 2015). At present most production processes are halted because many manufacturers could not access forex to fund the purchase of their raw materials outside the country. Production in Nigeria as of now is very costly and unfriendly. Most of the manufacturing companies could no longer fund their importation making them stranded and then could not fulfill their financial obligations to both their creditors, government, suppliers, investors and the employees (Oloruntoba, 2016). Considering the signs of economic recession in the Nigerian manufacturing company, Ogundare (2020) explained the signs of economic recession and how manufacturing companies cope with it effects:

Retrenchment

The crash in the economy reduces the ability of the system to absorb a large work force and then result to retrenchment. Retrenchment during recession most of the time is always involuntary but the organization may not have any choice than axe some of their employees so that they can stay afloat the effect of recession on their business. Retrenchment was particularly visible in the banking sector of the economy as a spillover effect from the other sector such as the manufacturing sector (Fapohunda, 2012). The Nigerian Bureau of Statistics (2016) revealed that from August 2015 till November 2016 over one million and fifty-eight thousand workers lost their jobs, revealing that over 70% of these job losses are from the various sub-sectors that made up the manufacturing sector. In 2020, because of the corona virus, the economy has again entered into recession at almost -4.4 which has never been in recent time. As of May, 2020, almost 180,000 employees has lost their jobs in the manufacturing sector in Nigeria, as we still count more as the lock down persist (Punch Newspapers, 14th May,2020).

Salary Slash

During recession most manufacturing companies can no longer pay the bogus they were initially paying therefore as a survival strategy conclude to slash salary to the percentage that will be convenient for them. Most organization engages in salary slash to avoid full scale retrenchment of workers thereby adding to the already bad economic situation. They adopt salary slash as an interventionist strategy and a proactive tendency of avoiding total collapse. The salary slash at times extends to some allowances that are accruable to the workers but the management could not pay because of shrink in finance caused by crippled production process and market relapse.

Low Manpower Capacity Utilization

There is serious low manpower utilization in the manufacturing sector during recession because essential raw materials are lacking and low level of effective demand for domestic manufacturers. Strange (2009) posit that capacity utilization is a function of the market; if market demand grows utilization would rise and if demand weakens capacity utilization would slacken. The general conclusion is that during recession because the market contracts, there is general low manpower capacity utilization. Low capacity utilization ensues when the employees' potentials and productive capacity is not fully utilized.

Product Quality Compromise

Recession affects the revenue of firms, and by extension profitability. In an effort to cut costs and improve its bottom line, the company could compromise product quality, and in the process lose its market share. For instance, a manufacturer of bread could offer same loaf of bread at the same price but reduce major ingredients such as milk, butter, and others, so as to cut cost and improve bottom line during recession. Most times the product quality compromise could pay-off in the short run, but in the long run the company losses credibility and good will especially when the economy is out of recession that necessitated the product compromise because the perception of the customers to the product will be negative.

Concept of Labour Casualization

The idea of labour casualization has become very common in most work organizations as a result of globalization and volatile labour market situation in Nigeria (Emeka, 2012). Globalization has brought about breakdown in the national boundaries, thereby necessitating labour migration from one country to another. Besides, some foreign firms have also migrated to those areas of the world especially in Africa and Nigeria where cost of labour are considered cheaper in order to minimize cost and increase profit. For example, as at 2006, there were over 800 Asian firms operating in Africa that employed over 600,000 Africans producing in the range of goods rendering various services (Oya, 2008; Umunna, 2010; Ogundare and Elijah, 2011). Most of these firms are operating without due regard to the labour standards governing the respective countries. This aberration gives rise to labour casualization. Usually, national government in Africa in their quest to attract more Foreign Direct Investment (FDI) do not always strictly enforce labour standard, so investors use that Lacuna to exploit labour (Adewunmi,2008; Mokwenye, 2008, Ogundare and Elijah, 2011).

Labour casualization is a form of employment that contravene statutory provision of labour engagement; no pension; no termination benefits; no access to organization's socio-welfare scheme and no comparative basis for compensation and allowances as it is always below industry standards. Wages paid, in comparative terms are always at the whims and caprices of the management and often characterized by inequity, discrimination and unexplainable surcharges. Working condition and environment is mostly harsh, unfriendly, chaotic, unorganized and health threatening with no medical facility and personal protective equipment. All of these makes labour casualization vulnerable, unhealthy, precarious, hazardous, perilous and dangerous (Ogundare, 2020). Adewusi (2015) explained casualization as a form of labour practice whereby employments shift from a preponderance of full-time and permanent positions to higher level of casual positions, in an irregular or intermittent nature. Casual workers occupy a precarious position in the workplace and society, and are effectively a new set of "slaves" and "underclass" in the modern capitalist economy.

Bernard (2014) averred that labour casualization is an increasing significant component of labour arrangement with much academic debate affirming the opposition of labour organization against it, not minding the fact that it remains the cursor to expanding the frontier of labour employment all over the world in this century because of the growing population and not too large business world, comparing mobility from Asia and Africa to the United States of America. According to Kallerberg, Reskin & Hundson (2003) to understand the concept of labour casualization as it is regarded in literature, we must understand the concept of non-casualized employment relationship. Non-casualized employment relationship is full time, continuous employment where the employee works on the employer's premises or under the employer's supervision. The central aspect of this relationship includes; an employment contract of indefinite duration, standardized working hours/weeks with sufficient social benefits, statutory protections, benefits and entitlements such as minimum wage, pension and gratuity; and protection against unfair dismissal (Bernard, 2014; Connelly & Gallagher, 2012; De' Cuyper, *et al*; 2008). Labour casualization on the other hand is use to describe jobs that pay poorly, lack health insurance and pension benefits, are of uncertain duration, and laws afford, they are problematic for workers (Okafor, 2012). The negative effects of casualization of labour transcend the employees though they are the apparent victims. Nigerian casual employees are deprived of various employment benefits when compared to their counterparts in permanent employment. Casual workers are inhibited from exploiting their constitutional right of freedom of association to form and or join trade unions. As a result, casual workers cannot participate in collective bargaining and other harmonious labour activities. The effect of this on the economy is that while the bourgeoisies employers maximizes profits, the proletariat employees grow thinner in term of income creating an economic imbalance (Ebokpo, 2019).

Theoretical Review

This study is anchored on Neo-liberal theory which advocated the abolition of government intervention in economic matters and businesses. In his summary of the central ideas in Neo-liberalism, Aborisade (2010) noted that the basic idea of Neo-liberalism is that free market economies will operate smoothly and steadily produce more wealth. The role of the state therefore should be restricted to defending private property, upholding contracts, national defence, and overseeing the money supply. In essence, Neo-liberals see the existence of Public Enterprises (PEs) and/or government involvement in business as obstacles to economic development. They therefore advocated commercialization and privatization of existing PEs and the promotion of the private sector as the engine of economic growth.

Neo-liberalism assumes that higher economic freedom has a strong correlation with higher living standards, higher economic freedom leads to increased investment, technology transfer, innovation and responsiveness to consumer demands (Martinez & Garcia, 2000). Neo-liberalism believes staunchly on the freedom of contract. Freedom of contract is the right to choose one's contracting parties and to trade or work together on any terms and conditions one sees fit. Contract permit individuals to create their own enforceable legal rules adapted to their unique situations. Parties decide whether contracts are profitable or fair, but once a contract is made, they are obliged to fulfill it terms, even if they are going to sustain losses by doing so. For Neo-liberalism, it is a moral duty of human beings to arrange their life to maximize their advantages in the labour market.

According to Harvey (2005) corporations operating in a typical Neo-liberal economic environment prefer short- term contract of employment, which in effect, forces workers to apply and re-apply for the same job over and over again. Specifically, the adverse effects of neo-liberal policies include low labour education, increasing unemployment, labour casualization, currency devaluation, and erosion of state welfare services. States seek to regulate the condition under which labour power is sold and how it is used for exploitative tendencies (Edwards, 2002). The continued ideological hegemony of neo-liberalism has greatly weakened the capacity of government to enforce labour-union rights (Edwards, 2002; Volscho, 2012). For Hoogevelt (2005) the adherents of neo-liberal policies always explore every means to get the best out of workers without corresponding treatment. Most times because of the tendency to maximize profit and cut cost always want to employ workers as casuals.

Empirical Framework

Abubakar Sodiq (2019) investigated the causes and effects of the recent economic recession on the Nigerian economy. The study employed ordinary least square method in the analysis of this research and the result from findings shows the rate of inflation has negative effects on the Nigerian economy as it was evidenced from the result and when prices of commodities are inflated, it affect all the economic activities in the country. Unemployment rate and GDP shows to be positively related and this was because of the increases in population of the country. Based on the results from findings it was recommended that instruments of monetary and fiscal policies should be effectively used to tackle the economic recession and bring the economic activities back on track and thus, effective used of both the monetary and fiscal policies is not only the sufficient condition but a necessary condition.

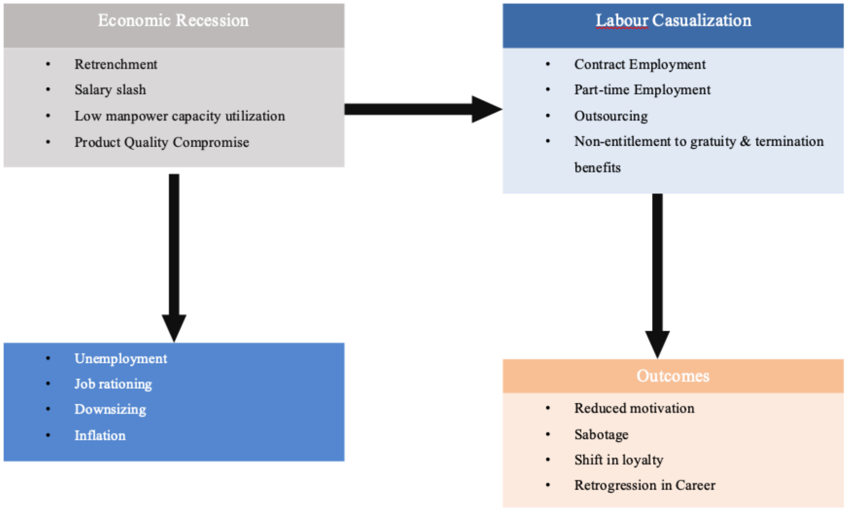
Tamunomiebi & Bagshaw (2018). In their study on managing casualization and redundancy of workers: Its effect and implication to sustainable development in Nigeria business environment posited that the effect of this phenomenon on the nation's sustainable development is devastating with several attendant effects, which calls for urgent attention. Government should put increase effort in creating more job-related skills acquisition centres across the geo-political zones of the country to empower our youth to acquire skills in other to be self- employed and also employ others. That effective labour laws should enacted to regulate employment and ensure compliance by organization in all sector as this will sustain human capital development and contribute to sustainable national development.

Kalejaiye (2015) examined the rise of casual work in Nigeria. The study analyzed the current level of unemployment in the Nigerian labour market and concluded that unemployment did not arise because of lack of skill or qualification but simply because of a lot of competition for available jobs, poor economic condition cum corruption and bad leadership. The study was anchored on the Neo-liberal theory and equity theory. The study concluded that the benefits of casual jobs constitute the price of progress.

Fapohunda (2012) examined employment casualization and degradation of work. Her hypotheses were based on unemployment and casualization, casualization and productivity and casualization and industrial relations. She argued that labour casualization is detrimental to employees and has grave consequences on the employer and the nation. The study recommended that casualization be seriously checked and if possible expunged from being practiced in the employment system.

Conceptual Framework

Conceptual framework showing the interconnectivity between economic recession and labour casualization and possible outcomes.



Source: Author's Conceptualization (2020)

Methodology

Research Design

Survey design was adopted for the study because it is very useful in describing the characteristics of a large population. Survey research is useful in studying vastly populated area or group where the entire population cannot be reached.

Study Population and Sample Size

The participants in this study were drawn from the employees' working in Mikanol Steel Nigeria Limited. Total number of employees' are about eight hundred and Sixty (860) comprising temporary and permanent staff. A sample of four hundred and sixty (460) respondents who are under one form of casual employment or the other as captured in this study were randomly selected and three hundred and sixty-five questionnaires were filled and returned (365). Manufacturing sector was chosen for this study because it is the sector that can drive the economy out of recession and also a mean of diversification from the monolithic nature of the economy.

Research Instrument

The research instrument was a 15-item validated structured questionnaire. All items were assessed on a five point Likert scale to measure responses.

Data Analysis And Discussion Of Findings

In order to test the hypothesis, the study employs a linear regression model which takes the form

$LC = f(ER)$..1.0

Where:

LC = Labour casualization

EC = Economic Recession

In econometric form, the model is specified as

$LC = \beta_o + \beta_1 ER + \varepsilon_t$..1.1

Where β_o is the intercept, β_1 is the coefficient of economic recession (ER) and ε_t is the error term.

Descriptive Analysis
Age group of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29yrs	82	22.5	22.5	22.5
	30-39yrs	122	33.4	33.4	55.9
	40-49yrs	71	19.5	19.5	75.3
	50-59yrs	60	16.4	16.4	91.8
	60yrs and above	30	8.2	8.2	100.0
	Total	365	100.0	100.0	

Source: Field Survey, 2020.

Gender of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	227	62.2	62.2	62.2
	Female	138	37.8	37.8	100.0
	Total	365	100.0	100.0	

Source: Field Survey, 2020.

Department of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sales and Marketing	77	21.1	21.1	21.1
	Production	110	30.1	30.1	51.2
	Logistics & Transport	115	31.5	31.5	82.7
	Human Resource	63	17.3	17.3	100.0
	Total	365	100.0	100.0	

Source: Field Survey, 2020.

Length of service of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2years	77	21.1	21.1	21.1
	3-4 years	93	25.5	25.5	46.6
	5-6 years	113	31.0	31.0	77.5
	7-8years	33	9.0	9.0	86.6
	Above 8 years	49	13.4	13.4	100.0
	Total	365	100.0	100.0	

Source: Field Survey, 2020.

Test of Hypothesis

H_o: Economic recession has no significant influence on labour casualization in Nigerian manufacturing sector in southwestern Nigeria.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.792[a]	.627	.605	3.59533	1.743

a. Predictors: (Constant), Economic Recession

b. Dependent Variable: Labour Casualization

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1375.324	1	1375.324	610.170	.000[b]
	Residual	818.175	363	2.254		
	Total	2193.499	364			

a. Dependent Variable: Labour Casualization

b. Predictors: (Constant), Economic Recession

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	19.354	1.628		11.889	.000		
	Economic Recession	.590	.057	.476	10.315	.000	1.000	1.000
a. Dependent Variable: Labour Casualization								

Interpretation of the coefficients

From the result, a positive relationship exists between economic recession and labour casualization. This result conforms to apriori expectation in that when there is recession in the economy, there will be a high tendency of labourers to source for daily job for which they can use in maintaining their livelihood. The result shows that with a 1% increase in economic recession in the country, labour casualization will also rise by about 59% in the manufacturing companies. Looking at the value from t-statistics the ρ value stand as ρ=0.000 which indicate ρ=0.01 meaning at 1% level of significance economic recession stand as an important factor that determines the labour casualization in the manufacturing industry. The R-square value of 0.627 indicates that about 62% in the variation of labour casualization is accounted for by economic recession. It tells us good fit of the model, that the independent variables to a very large degree explain changes in the dependent variable. Based on this finding, the null hypothesis which says the present economic recession has no significant effect on labour casualization is rejected. Hence, we conclude that economic recession has a significant effect on labour casualization in the manufacturing companies in the south-west, Nigeria in that at the time of recession organizations will want to employ on contract basis, encourage part-time employment, engage individuals who will not necessarily be entitled to gratuity and termination benefits and will eventually outsource some of its administrative and human resource activities.

Interpretation of F- Statistics

The F – Statistics is used to test the significance of R (regression), which is the same as testing the significance of R^2 (regression square), which is the same as testing the significance of the regression model as a whole. If prob (F) < 0.05(5%), then the model is considered significantly better estimator and we reject the null hypothesis while accept alternative hypothesis. Therefore, F-statistics value of (610.170) with a probability or significant level of 0.000 implies the overall analysis of variance of the model and it indicates that all explanatory variables are fundamental in explaining the variation in the dependent variable.

From the estimation, Durbin Watson statistics was (1.743), this implies that there is no serial correlation, since Durbin-Watson statistic was approaching 2. In conclusion, since at the overall level, economic recession can be used in explaining significant changes in labour casualization, therefore, we reject the null hypothesis (H_0) and conclude that the explanatory variables collectively have a significant effect on the explained variable.

Recommendation & Conclusion

The study examined economic recession and labour casualization in the manufacturing company in Nigeria and establish a significant relationship between economic recession and labour casualization in the Nigerian manufacturing company at 1% level. The study concluded that labour casualization is endemic in our labour practice and employment system, because of the weak nature of the economy, and has identified economic recession as one of the reason why employer of labour practice casual employment in the Nigerian manufacturing company. Based on the conclusion, the study recommended that government should diversify the economy and enunciate a regulatory framework that will regulate the nature and practice of labour casualization in the Nigerian manufacturing company and that employers of labour should ensure that those who are on casual employment be made permanent employees of the organization after the statutory period stipulated by the Nigerian labour law in order to avoid casual employment in perpetuity which is the bane of labour casualization in Nigeria.

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