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## **Labour outsourcing and employees' relations management in Rivers state, Nigeria**

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### **Abstract**

This study examined labour outsourcing and employee's relations management in selected organisations in Rivers State. This research used a survey design with a population size of 100, responses from 63 employees of the selected organisations- twenty-five (25) from outsourced employee and thirty-eight (38) from full-time employees. The data was acquired using a convenience sample approach and analysed using descriptive and inferential statistics. The hypotheses were tested using Chi-Square( $X^2$ ) with a significance threshold of 0.01. The study established that there was significant relationship between Outsourcing and employees' relations management and the elements that influence outsourcing decisions, such as cost savings, corporate focus, and access to world-class expertise, had an impact on labour-management relations in these selected organisations. Based on the findings, it was recommended that organizations must find a way to outsource non-core activities, using outsourced individuals who can do it better, thereby focusing on core business operations where they have comparative advantage and can outperform their competition while also managing employee relations through better remuneration, communication, leadership, training and job stability. It is also recommended that organisations balance cost-cutting through outsourcing with respect to their employees' collective bargaining power, in order to have better management of employees' relations.

**Keywords:** outsourcing, employees relations, labour-management relations, cost savings

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### **Introduction**

Organizations are consistently confronted with a competitive environment that forces them not only to improve results, maximize revenue and performance, but also to devise liability and cost-cutting strategies, so they can gain advantage over their competitors. Management of organisations are now looking beyond the four walls in order to reduce expenses and increase productivity, while managing employees' relations within the company. Organizations are increasingly embracing non-permanent workforce, depending on external service providers for non-essential business operations while full-time workers (mostly middle and upper management) focus on core business activities to reduce costs while sustaining or improving performance. Organizations use this strategy to enlist the help of outsourced employees to deliver, manage, control, direct, and coordinate the firm's peripheral support operations. Outsourced workers are compensated under a contract of engagement, which is usually at a lower cost. This improves the company's capacity to focus on its core business and boost performances (Richtner & Rognes, 2013) <sup>[21]</sup>. According to Anon (2020) "Outsourcing is a strategic choice made by a corporation to cut costs and improve efficiency by employing another person or firm to do work, provide services, or handle operations that were previously performed by company personnel. Yeboah (2013) <sup>[27]</sup> believes that outsourcing's desired competitive advantage may not materialize after all, because it may result in a drop in value, notwithstanding the envisaged benefits. Despite the obvious benefits of outsourcing to businesses, it also has severe consequences for the workers involved in the process in Nigeria, particularly for organisations in Lagos State, the country's commercial nerve centre. Regardless of the industry in which an organization operates, the global surge in outsourcing adoption, is resulting in job losses, job insecurity, low pay, a lack of pension, a lack of health insurance, biased job tenure and poor conditions of service, all of which have a significant impact on employee relationship management (Obi, Akamobi, Nwumeh, & Okonkwo, 2021, p. 17) <sup>[17]</sup> A positive employee-employer relations management, on the other hand, is essential for a positive corporate climate, development, and improved results. Conducive environment in the workplace has an impact on employee's performance, resulting in increased productivity. Workforce morale may be affected by an unfriendly atmosphere as a result of management's incapacity to properly manage and harness employee relations, which has an impact on performance and productivity. As a result of the ever-changing business climate, organizations are finding it increasingly challenging to attract and retain results-oriented employees. This is why organizations promote employee-employer relations management in order to foster a positive, mutually beneficial performance-based outcome otherwise known as Employees Relations Management. Employee Relations Management is described as the relationship between an employer and his or her employees, or between a manager and his or her staff, with the goal of fostering excellent morale, trust, and a productive/pleasant working environment (Das, Mishra & Maharana, 2019, p.97) <sup>[6]</sup>

### **Statement of the Problem**

Employee relations management, has been disrupted in the global boom in outsourcing with outsourced work force in the business continually interfering with the regular interaction between permanent employees and management. Outsourcing and its unfavourable drawbacks is causing major concern in Nigeria as it affects employees (Ogunrinola & Osabuohien, 2010) <sup>[18]</sup>. The sudden growth in the use of outsourced labour in Rivers State is causing full-time employees to lose their jobs and to be replaced by outsourced workers. Even the outsourced workers are not adequately compensated like direct employees despite performing the same functions. Researchers in the past has emphasized on the need why companies should outsource based on cost savings and gaining competitive edge, why others focus on the assumed unpalatable effects of outsourcing. Nevertheless, the impact of outsourcing on the relationship between labour and management is far less documented. It is therefore important to conduct research of this nature to fill this void and to ascertain whether outsourcing has a positive, negative or no significant impact on the relationship between the two main actors in selected companies in Rivers State.

### **Research Objectives**

This study seeks to examine if there is a considerable influence of outsourcing on employee's relations management in organisations in Rivers State, Nigeria. However, the specific objectives of the study are as follows:

1. To determine the relationship between outsourcing and employee relations management in organisations.
2. To determine if labour outsourcing leads to cost savings.

### **Theoretical Framework/Review of Related Literature**

#### **Economics of Transaction Costs**

This study is anchored on the transaction cost economic theory proposed by (Williamson & Coase, 1973, p.241). The idea focuses on the most efficient technique for increasing profits while lowering costs. It claims that the human resource tasks most likely to be outsourced are those with the highest cost (Sriwongwana, 2009) <sup>[22]</sup>. As a result, this theory aids organizations in identifying non-core functions that might be outsourced to minimize operating costs. When it comes to outsourcing, this idea states that companies must consider both transaction costs. However, this hypothesis has been chastised for putting much attention on the cost of outsourcing, ignoring the social link between the outsourced employees and the company.

#### **Outsourcing**

Outsourcing is defined in a variety of ways, ranging from the relatively simple long-term delegating of human resource service delivery to an external provider, through "spin-off" joint ventures or shared services, and or a contract with a completely independent service company (Woodall, *et al*, 2009, p.238) <sup>[26]</sup>. Due to high transaction costs, Adeyemi & Salami, (2008, p.98) defined outsourcing as the transfer of previously conducted within the firm operations to external vendors. In the same vein, Outsourcing is defined by Kin, (2008, p.339), as the utilization of external skills and resources to complement or take complete responsibility for a function that was previously performed in-house. This implies that businesses hire outside service providers to handle a variety of tasks including security, distribution, administration, and accounting, as well as information technology. Outsourcing is a type of employment that is based on a non-permanent contract. "Outsourcing entails the sourcing of products and services formerly produced inside within an organization from external providers

#### **Employee Relations Management**

Employee relations management, often referred to as industrial relations, or employment relations or labour-management relations is a multidisciplinary discipline that analyses the employment relationship, or the complex interrelationships that exist between employers and employees, labour/trade unions, employer groups, and the state" (Ackers, 2002, p.4) <sup>[1]</sup>. Since its conception in the twentieth century as a substitute for industrial relations, the idea of employee relations has received scholarly definitions. Employee relations is focused with providing a conducive work environment for a pleasant interpersonal interaction in the organization, with the purpose of effectively promoting the organization's goals and objectives. Employee relations, according to Arimie and Oronsaye (2020, p.3) <sup>[4]</sup>, is the study of the connection between employees and their employers. Employee relations, according to Jing (2013) <sup>[12]</sup>, is the organization's deliberate effort in implementing different strategies to govern employee relationships in order to meet the organization's goals. Effective employee relations management in a firm, according to Pareek and Rai (2012, p.34) <sup>[20]</sup>, boosts employee confidence, trust, and loyalty. To back up this claim, it should be mentioned that an employer earns trust and loyalty through communicating openly, providing frequent feedback, and delegating responsibilities to employees (Janssens, Sels, & Van den Brande, I., 2003, p.1354) <sup>[11]</sup>. An employer's incapacity to develop trust and respect in his or her employees will eventually have a detrimental impact on the relationship. According to Nikoloski, Dimitrova, Koleva & Miteva-Kacarski (2014, p.113) <sup>[16]</sup>, employee-employer relations is focused with providing workers with information about the organization's objectives so that they have a clear knowledge of management's direction. To maintain the strategic balance between employee and employer, a lot of elements impact employee relations apart from outsourcing, the subject of discussion. In order to achieve a suitable balance, management

needs be aware of the primary elements driving employee interactions. The fundamental task of management should be to create a positive working environment in order to boost staff morale and retention. (Andrine, 2019) Zhang (2021, p.95) opined that “there are 6Ms around the ERM, management of labour relations, management of interpersonal relationship, management of communication, management of mood, management of corporate culture, and management of supporting”

He tabulated the 6ms as follows:

**Table 1:** 6Ms of Employee Relationship Management

<b>6Ms of Employee Relationship Management</b>		
<b>Contents</b>	<b>Descriptions</b>	<b>Rank</b>
Management of labour Relationship	To handle labour disputes To interview before laid-off To solve the complaints To improve personnel System	1
Management of employee relationship	To build up a good circumstance To create a proper relation between superiors and subordinates	2
Management of communication	To guide the dual-way communication To improve the feedback System	3
Management of mood	Mainly employees of mind, emotions and Job satisfaction Job security Healthcare	4
Management of Corporate Culture	To promote corporate culture To maintain good corporate image To follow corporate vision	5
Management of Supporting	To offer the legal aid To provide consulting Services	6

**Note:** 6Ms of Employee Relationship Management by Zhang, J. (2021, February). Research on Employee Relationship Management Innovation of SMEs in China

### **Importance of employee Relations management**

Even in the face of an ever-changing and demanding business environment, the importance of labour-management interactions in organizational performance has been underlined in the literature. Human resource professionals are being asked to help organizations compete, according to Long and Ismail (2009, p.30), and in order to do so, they must not just monitor, but also analyse and respond to business trends. The establishment of a labour-management relationship occurs when a manager and a worker have a series of encounters over a period of time. (1) The interacting individuals' relatively stable characteristics that predispose them to approach interpersonal situations in a certain way, (2) the individuals' expectations of the relationship based on prior experience, and (3) people's perceptions of and reactions to the relationship both in the moment and in retrospect determine the nature of the interaction sequence.

### **Effects of outsourcing on employment relations**

Employee relations management has been disrupted by the global outsourcing boom, with non-permanent outsourced workers constantly interfering with regular interactions between permanent employees and management. Some researchers believe outsourcing has a positive impact on labour relations, while others disagree. According to Ogunrinola and Osabuohien (2010, p.584) <sup>[18]</sup>, global outsourcing's breadth includes creating new jobs in one part of the globe while removing some types of labour in others. There is no unanimity in the literature on the impact of outsourcing on employee relations.

### **Positive effects**

Outsourcing, according to Kin's (2008, p. 339), will allow workers to be used to their full potential without having to hire them or provide them with ongoing training, resulting in cost savings. In a related argument by Olsen (2006, p.6), outsourcing economic gains may be achieved in the long run by raising workers' living

standards through increased productivity and cost savings, allowing businesses to focus on their core competencies. Likewise, according to (Woodall, *et al*, 2009, p.238) <sup>[26]</sup>, outsourcing compensates for unfavourable work characteristics by offering less stressful occupations, and temporary employees are more satisfied with their positions than permanent employees. Outsourcing, according to Mankiw and Swagel (2006, p.1029) <sup>[15]</sup>, is not about creating jobs; instead, if allowed to run its course, it might result in greater real salaries and living standards. Geishecker (2005, p.89) <sup>[7]</sup> looked into the impact of outsourcing on manufacturing labour productivity estimates and discovered that outsourcing of employment services enhanced and depressed manufacturing labour productivity growth rates at different times. As a result, they claim that outsourcing will lead to exaggerated improvements in manufacturing worker productivity.

### **Negative effects**

The negative effects of outsourcing on employee relations affect the whole labour market, with a focus on collective bargaining and unionism. According to Braun and Scheffel (2007) <sup>[5]</sup>, who investigated the empirical evidence on outsourcing's effects on collective bargaining agreements and pay rate discussions, outsourcing robs workers of their negotiating leverage. They claim that as a result of the risk that outsourcing exposes low-skilled workers to job loss, pay constraints are more readily accepted among the skilled workers. Outsourcing, according to Iheriohanma and Austin-Egole, (2020, p. 24) <sup>[9]</sup> has caused workers to be displaced in the labour market, with the low skilled being the most affected. They advocated for a policy response to help impacted employees in adjusting to the change. The immediate negative effects of outsourcing on employee well-being, according to Mankiw and Swagel (2006, p.1030) <sup>[15]</sup>, are clear from its definition: the removal of particular vocations (i.e., shifted to other local enterprises or overseas); consequently, the need for this sort of labour in a firm drop.

### **Management Relations**

Firms also outsource workers who are involved in the organization's core activities, in addition to secretaries, security personnel, and drivers, among others. According to recent results, despite the reduction in operational expenses, which is the most favorable effect of outsourcing in organizations, there has been a rise in fraud instances within organizations like banks. Disgruntled and uninspired outsourced personnel, who come into contact with sensitive information about clients' money, were responsible for fraud. According to Sullivan (2004, p.15), firms that outsource human resource services such as payroll may face major security and confidentiality issues. That is to say, the increased employment of outsourced personnel may result in a rise in internal fraud.

### **Outsourced Staff**

When it comes to outsourcing, outsourced employees face the brunt of the strain. This is due to the fact that they are not directly hired like "normal" employees. They are frequently hired by a third party (outsourcing companies) that then subcontracts them to businesses. After earning their own commission, these agencies pay them from the money granted to them by the companies. They are not allowed to join unions since they are considered temporary employees. They are subject to repeated probation and layoffs, as well as employment insecurity. They do a variety of responsibilities in addition to the technical and professional obligations that regular staff members conduct, yet their efforts are frequently overlooked and undervalued. In addition, outsourced employees are paid at a lower rate than in-house employees. Furthermore, the wages of outsourced staff are not commensurate with the work they do. In some cases, they work extra hours but are not paid well. Direct employees enjoy benefits, such as housing, pension, profit sharing, and so on. But outsourced employees do not have these opportunities.

### **Organizational/Work Performance and Outsourcing.**

Organizational performance is impacted by outsourcing human resource functions (Gilley, Greer & Rasheed, 2004, p. 235) <sup>[8]</sup>. Outsourced employees' performance was often managed and overseen by direct employees. Direct employees were able to broaden and deepen the variety of abilities they employed in their day-to-day job, resulting in improved knowledge development and sharing, which is a critical component of gaining a competitive advantage (Kakabadse & Kakabadse, 2002, p. 191) <sup>[13]</sup>. The majority of outsourced staff projects or assignments are likely to be completed on schedule. This is owing to contract constraints, according to Sriwongwana (2009) <sup>[22]</sup>, which say that "outsourced personnel must complete the assignment no later than the due date or suffer job termination if they fail to fulfill their objectives, like in the case of marketers and direct sales agents." Despite the negative connotations associated with outsourcing due to poor working conditions and low job satisfaction, one could assume that outsourced employees are less productive. Organizations, on the other hand, continue to benefit since their personnel, both direct and outsourced, put up their best effort to avoid being fired. A study by Sriwongwana (2009) <sup>[22]</sup> indicates that this is caused by "the limitations of the contract agreement which stipulates that outsourced staff must complete the task by the due date or face job loss when not meeting their targets. In spite of the negative implications of outsourcing due to deprived working conditions and poor job satisfaction, you would expect outsourced staff to be less productive. In contrast, organizations still make money because both direct and outsourced employees do their best not to lose their jobs.

### Methodology

This study examines the link between labour outsourcing and employee relations in these selected organizations (Access Bank Plc, ICS Outsourcing Limited, MTN Nigeria Communications PLC and HIS Holdings Limited). The methodology lays the groundwork for addressing the hypotheses.

### Development of Hypotheses

Employee relations management has been disrupted by the global outsourcing boom, with outsourced personnel in the workplace constantly threatening permanent employees' position, job security, expertise, and negotiating strength with management. This may have an impact on labour-management and employee-employee relations, influencing productivity and outcomes, hence the need to test the first hypothesis

**H<sub>0</sub> 1:** there is no significant relationship between outsourcing and employee relations management in organizations

**H<sub>0</sub> 2:** there is no significant relationship between outsourcing and cost reduction.

### Sample Size

This researcher used a total of (100) participants spread proportionally amongst the selected companies. The sample size was designed to guarantee that all respondents in selected companies were adequately represented. The firms chosen represent a cross-section of Nigeria's key economic sectors

### Data Collection Instrument

The data was gathered through the use of a questionnaire. The questionnaire included questions on the study's research topics and aims. Questionnaires are used in a variety of situations to acquire information about people's attitudes and behaviours (Williams, 2003, p.245) [24]. In this study, a closed-ended questionnaire with a Likert Scale was engaged and administered proportionally to the four selected companies. Online survey was utilised to post the online questionnaire link on Google Docs and also e-mailed it to the executives and other employees of various selected organisations via key individuals.

### Data Analysis Methodology

The descriptive statistics of the respondent was analysed using the Statistical Package for Social Science (SPSS) in this study. Chi-Square was used to generate inferential statistics using the SPSS

### Data Analysis, Results, Discussion of Findings

#### Data Analysis

Both descriptive and inferential statistics were used by the researcher. Descriptive statistics include frequency counts and simple percentages. Descriptive statistics were used to summarize, classify, and explain the aspects of data distribution. Meanwhile for inferential statistic, the Chi-Square( $X^2$ ) was utilized. The Chi-Square test was used to examine the two (2) hypotheses with SPSS used to generate the results.

### Demographic Profiles of Respondent

The table below summarizes the descriptive statistics of the demographic profiles of the respondents (n=63). The subsequent parts provided a detailed analysis of the findings statistically.

**Table 2:** Demographic Profiles

Variable	Item	Frequency	Percentage
Gender	Male	32	51%
	Female	31	49%
Age	18-25	6	9.50%
	26-30	6	9.50%
	31-35	5	7.90%
	36-40	15	24%
	Above 40	31	49%
Work Experience	Less than a Year	12	3%
	1-3 Years	3	5%
	3-5 Years	12	19%
	5-10 Years	15	24%
Educational Level	Above 10 Years	31	49%
	High School Cert	6	9.50%
	Diploma	21	31%
	First Degree	31	50%
Type of Employment	Masters	6	9.50%
	Ph.D.	0	0%
	Full-Time Employee	38	60%
	Outsourced Employee	25	40%

	Other:	0	0%
Employment Level	Management Staff	13	21%
	Senior Staff	28	45%
	Junior Staff	21	34%

An overview of the gender distribution statistics; shows that sixty three (63) respondents participated in the survey. Figures obtained indicates fifty-one per cent (51%) were males, while forty-nine per cent (49%) were females. The Full-Time Employee that participated were 60% while the remaining 40% were outsourced employees. Further analysis shows that forty-nine-per cent of the respondents are above 40years. The remaining fifteen per cent were aged 31-35 years. On the Educational Level of the respondents fifty per cent were reported to have a bachelor's degree, while nine and half per cent have a Master's Degree. The remaining forty per cent have lesser qualifications. Forty nine percent of the respondents have 10 years and above work experience while the remaining fifty-one percent have lesser experience

### Test of Hypotheses

#### Hypothesis One

**Ho 1:** there is no significant relationship between outsourcing and employee relations management for organizations.

Table 4.3 shows the responses of the respondents on the questions that are related to the hypothesis.

**Table 3:** Responses to question 8, 11 and 13 on the questionnaire

S/N	Questions	No. of Respondents	1	2	3	4	5
8	Outsourcing has significant effect on employee relations	63	1	0	3	8	51
11	Outsourcing encourages conflict between management and full time employees in an organization	63	48	10	5	0	0
13.	There a is cordial working relationship between outsourced staff and direct staff in my organization	63	0	3	3	17	40

Source: Field Survey, 2022

Using the chi-square ( $X^2$ ) test, we can now test the hypothesis

**Table 4:** Chi-square ( $X^2$ ) test

Responses	Q8	Q11	Q13	Total
1(Strongly Disagree)	1(e11)	48(e12)	0(e13)	49
2(Disagree)	0(e21)	10(e22)	3(e23)	13
3(Neutral)	3(e31)	5(e32)	3(e33)	11
4(Agree)	8 (e41)	0(e42)	17(e43)	25
5 (Strongly Agree)	51(e51)	0(e52)	40(e53)	91
Total	63	63	63	189

$$H_0: X^2 = 0$$

$$H_a: X^2 = 0$$

Level of significance ( $X$ ) = 1% = 0.01

Degree of freedom (d.f.) = (r-1) (c-1) = (5-1) (3-1).

$$= 4 \times 2 = 8$$

From the table 0.01 d.f. 8 = 20.09

$$e11 = (49 \times 63)/189 = 16.33$$

$$e12 = (49 \times 63)/189 = 16.33$$

$$e13 = (49 \times 63)/189 = 16.33$$

$$e21 = (13 \times 63)/189 = 4.33$$

$$e22 = (13 \times 63)/189 = 4.33$$

$$e23 = (13 \times 63)/189 = 4.33$$

$$e31 = (11 \times 63)/189 = 3.67$$

$$e32 = (11 \times 63)/189 = 3.67$$

$$e33 = (11 \times 63)/189 = 3.67$$

$$e41 = (25 \times 63)/189 = 8.33$$

$$e42 = (25 \times 63)/189 = 8.33$$

$$e43 = (25 \times 63)/189 = 8.33$$

$$e51 = (91 \times 63)/189 = 30.33$$

$$e52 = (91 \times 63)/189 = 30.33$$

$$e53 = (91 \times 63)/189 = 30.33$$

**Table 5:** Calculated chi-square ( $X^2$ ) test

O <sub>i</sub>	E <sub>i</sub>	O <sub>i</sub> - E <sub>i</sub>	(O <sub>i</sub> - E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> - E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
1	16.33	(15.33)	235.11	14.39
48	16.33	31.67	1,002.78	61.39
0	16.33	(16.33)	266.78	16.33
0	4.33	(4.33)	18.78	4.33
10	4.33	5.67	32.11	7.41
3	4.33	(1.33)	1.78	0.41
5	3.67	1.33	1.78	0.48
3	3.67	(0.67)	0.44	0.12
3	3.67	(0.67)	0.44	0.12
8	8.33	(0.33)	0.11	0.01
0	8.33	(8.33)	69.44	8.33
17	8.33	8.67	75.11	9.01
51	30.33	20.67	427.11	14.08
0	30.33	(30.33)	920.11	30.33
40	30.33	9.67	93.44	3.08
				169.858

$$X^2C = (O_i - E_i)^2 / E_i = 169.858$$

$$X^2t = 0.01 \text{ d.f. } 1 = 20.09$$

$X^2c > X^2t$  (169.858 > 20.09). So, reject  $H_0$

### Results

The result obtained from the chi-square ( $X^2$ ) test shows that the calculated chi-square (169.858) is greater than the tabulated chi-square (20.09) at (0.01) significant level

### Decision

We shall reject the null hypothesis and accept the alternative hypothesis.

### Findings

This reveals to us that there is significant relationship between outsourcing and employee relations management for organizations.

### Hypothesis Two

**H<sub>0</sub> 2:** there is no significant relationship between outsourcing and cost reduction.

Table 4.3.3 shows the responses of the respondents on the questions that are related to the hypothesis.

**Table 6:** Responses to question 9, 10, and 12 on the questionnaire

S/N	Questions	No. of Respondents	1	2	3	4	5
9	Outsourcing lead to reduced operational costs	63	5	4	4	5	45
10	Outsourcing increases the company's full time employees' focus on core business activities	63	0	1	3	10	49
12	Outsourcing does not help organizations' access to world-class expertise	63	38	15	3	4	3

Using the chi-square ( $X^2$ ) test, we can now test the hypothesis

**Table 7:** Chi-square ( $X^2$ ) test

Responses	Q9	Q10	Q12	Total
1(Strongly Disagree)	5(e11)	0(e12)	38(e13)	43
2(Disagree)	4(e21)	1 (e22)	15(e23)	20
3(Neutral)	4(e31)	3(e32)	3(e33)	10
4(Agree)	5 (e41)	10(e42)	4(e43)	19
5 (Strongly Agree)	45(e51)	49(e52)	3(e53)	97
Total	63	63	63	189

$$H_0: X^2 = 0$$

$$H_a: X^2 = 0$$

Level of significance ( $X$ ) = 1% = 0.01

Degree of freedom (d.f.) = (r-1) (c-1) = (5-1) (3-1). = 4 x 2 = 8

From the table 0.01 d.f. 8 = 20.09

$$\begin{aligned}
e11 &= (43 \times 63)/189 = 14.33 \\
e12 &= (43 \times 63)/189 = 14.33 \\
e13 &= (43 \times 63)/189 = 14.33 \\
e21 &= (20 \times 63)/189 = 6.67 \\
e22 &= (20 \times 63)/189 = 6.67 \\
e23 &= (20 \times 63)/189 = 6.67 \\
e31 &= (10 \times 63)/189 = 3.33 \\
e32 &= (10 \times 63)/189 = 3.33 \\
e33 &= (10 \times 63)/189 = 3.33 \\
e41 &= (19 \times 63)/189 = 6.33 \\
e42 &= (19 \times 63)/189 = 6.33 \\
e43 &= (19 \times 63)/189 = 6.33 \\
e51 &= (97 \times 63)/189 = 32.33 \\
e52 &= (97 \times 63)/189 = 32.33 \\
e53 &= (97 \times 63)/189 = 32.33
\end{aligned}$$

**Table 8:** Calculated chi-square ( $X^2$ ) test

O <sub>i</sub>	E <sub>i</sub>	O <sub>i</sub> - E <sub>i</sub>	(O <sub>i</sub> - E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> - E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
5	14.33	(9.33)	87.11	6.08
0	14.33	(14.33)	205.44	14.33
38	14.33	23.67	560.11	39.08
4	6.67	(2.67)	7.11	1.07
1	6.67	(5.67)	32.11	4.82
15	6.67	8.33	69.44	10.42
4	3.33	0.67	0.44	0.13
3	3.33	(0.33)	0.11	0.03
3	3.33	(0.33)	0.11	0.03
5	6.33	(1.33)	1.78	0.28
10	6.33	3.67	13.44	2.12
4	6.33	(2.33)	5.44	0.86
45	32.33	12.67	160.44	4.96
49	32.33	16.67	277.78	8.59
3	32.33	(29.33)	860.44	26.61
				119.416

$$X^2C = (O_i - E_i)^2 / E_i = 119.416$$

$$X^2t = 0.01 \text{ d.f. } 1 = 20.09$$

$X^2c > X^2t$  (119.416 > 20.09). So, reject  $H_0$

### Results

The result obtained from the chi-square ( $X^2$ ) test shows that the calculated chi-square (119.416) is greater than the tabulated chi-square (20.09) at (0.01) significant level

### Decision

We shall reject the null hypothesis and accept the alternative hypothesis.

### Findings

This reveals to us that there is significant relationship between outsourcing and cost reduction in organization in Rivers State.

### Conclusions

The focus of this study was to explore first-hand experience of participants on the relationship of outsourcing and employee relations with the scope limited to selected organisations in Lagos State and focus on outsourcings decisions enablers of Cost Savings, Company's Focus and Access to World Class Expertise. The study was able to bring to the fore the following: The results show that there is a significant impact of outsourcing on employees' relations management in organisations. It was also determined that outsourcing lead to cost reductions and savings in organisations This study brought to fore that outsourcing helps organisations to focus on core functions and competencies.

### Recommendations

Based on the findings, it was recommended that organizations must find a way to outsource non-core activities, using outsourced individuals who can do it better, thereby focusing on core business operations where they have comparative advantage and can outperform their competition while also managing employee relations for



increased productivity. It is also recommended that organisations balance cost-cutting through outsourcing with respect to their employees, in order to have better management of employees' relations.

## References

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