

A Phenomenological Study of Outsourcing and Employee Relations Management in Lagos State, Nigeria

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ABSTRACT

The objective of the research is to examine the relationship between outsourcing and employee relations management. Researchers in the past have emphasised why companies should outsource based on cost savings and gaining a competitive edge, while others focus on the assumed unpalatable effects of outsourcing. Nevertheless, the impact of outsourcing on the relationship between labour and management has long been understudied. This research used a survey design with a sample size of 100. Responses from 63 employees of the selected organisations comprising twenty-five (25) from outsourced employees 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(X²) with a significance threshold of 0.01.

The study established a significant relationship between outsourcing and employee relations management, and the elements that influence outsourcing decisions, which are cost savings, corporate focus, and access to world-class expertise, impacted labour-management relations in organisations.

Based on the findings, it was recommended that organisations 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 an edge and can outperform their competition while also managing employee relations through better remuneration, communication, leadership, training and job stability.

Keywords: Outsourcing, Employees Relations, Labour-Management Relations, Cost Savings, Company Focus, World-Class Expertise.

INTRODUCTION

Organisations are consistently confronted with a competitive environment that forces them to improve results, maximise revenue and performance, and devise cost-cutting strategies to gain an advantage over their competitors. Management of organisations are now looking beyond the four walls in order to reduce expenses and increase productivity, while managing employee relations within the company.

Organisations increasingly embrace a 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. Organisations 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, usually at a lower cost. This improves the company's capacity to focus on its core business and boost performances (Richtner & Rognes, 2013).

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 previously performed by company personnel. Yeboah (2013) believes that outsourcing's desired competitive advantage may not materialise 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 organisation 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 et al;2021)

On the other hand, positive employee-employer relations management is essential for a positive corporate climate, development, and improved results. A conducive environment in the workplace has an impact on employee performance, resulting in increased productivity. Workforce morale may be affected by an unfriendly atmosphere due to management's incapacity to manage and harness employee relations properly, which impacts performance and productivity. As a result of the ever-changing business climate, organisations are finding it increasingly challenging to attract and retain results-oriented employees. This is why organisations 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 and pleasant working environment (Das, Mishra and Maharana, 2019)

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 are causing major concern in Nigeria as it affects employees (Ogunrinola & Osabuohien, 2010). The sudden growth in the use of outsourced labour in Nigeria 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 have emphasised the need for companies to outsource based on cost savings and gaining a competitive edge, while 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 Lagos State.

However, the first-hand experience of the relationship between outsourcing and labour- management

relations is hardly well acknowledged. To address this, a study of this nature seeks to determine from the people involved if outsourcing has a positive, negative, or no substantial influence on the relationship between the two key actors in the selected organisations. The following research questions are the fundamental bases and guides by which this study will be carried out, in agreement with the theoretical framework and the research objectives: Is there any significant relationship between outsourcing and employee relations management in organisations? Is there any significant relationship between outsourcing and cost savings, the company's focus and having access to world-class expertise? Is there any significant relationship between employee relations management on one hand and cost savings, the company's focus and having access to world-class expertise on the other?

This study's broad objective is to examine the considerable influence of outsourcing on employee relation management in organisations domiciled in Lagos State, Nigeria.

LITERATURE REVIEW

There are four sections to this review. The first section is the conceptual review of outsourcing and employee relations management, including concept and definitions; the second section discusses connected theory on outsourcing; the third section examines the impact of outsourcing on employment relations, organisational structure and processes using literature reviews; and the fourth section focuses on empirical review of past research works done on outsourcing.

1. Concept of 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 lastly, a contract with a completely independent service company (Woodall et al., 2009, p.238). 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". Likewise, Outsourcing, Kin(2008) defined as "the utilisation of external skills and resources to complement or take complete responsibility for a function previously performed in-house". This implies that businesses hire outside service providers to handle various tasks, including security, distribution, administration, accounting, and information technology. Similarly, outsourcing is a type of employment that is based on a non-permanent contract. "Outsourcing entails sourcing products and services formerly produced within an organisation from external providers," opined Obi et al. (2021).

In addition, outsourcing, according to Zappala (2000), is a circumstance in which an outside vendor provides a service that would normally be performed within the organisation on a periodic basis. In the same way, "Outsourcing is the transfer of formerly done within the firm to external suppliers due to high transaction costs and hazards, allowing the company to benefit from the suppliers' superior production efficiencies, such as scale and specification," according to Adeyemi and Salami (2008). Equally, outsourcing is defined by Gachunga and Munyaka (2013) as "the transfer of management or day-to-day execution of an entire business function to an external service provider." It can be concluded that, "Outsourcing encompasses domestic outsourcing (i.e. relocating business operations to another firm inside the home country), whereas offshore (i.e. international outsourcing) entails the movement of business functions abroad," according to Bockerman and Maliranta (2013).

2. Concept of Employee Relations Management

On the other hand, "Employee relations management (ERM), often known 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). 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 on providing a conducive work environment for pleasant interpersonal interaction in the organisation to promote the organisation’s goals and objectives effectively. According to Arimie and Oronsaye (2020), employee relations is the study of the connection between employees and their employers. According to Jing (2013), employee relations is the organisation’s deliberate effort to implement different strategies to govern employee relationships to meet the organisation’s goals. According to Pareek and Rai (2012), effective employee relations management in a firm boosts employee confidence, trust, and loyalty. To back up this claim, it should be mentioned that an employer earns trust and loyalty by communicating openly, providing frequent feedback, and delegating responsibilities to employees (Janssens, Sels & Van den Brande, 2003). 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 et al.(2014), employee-employer relations is are focused with on providing workers with information about the organisation’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, which is the subject of discussion. In order to achieve a suitable balance, management needs to 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) opined that “there are 6Ms around the ERM, management of labour relations, management of the interpersonal relationship, management of communication, management of mood, management of corporate culture, and management of supporting.”

Importance of employee relations management

Even in the face of an ever-changing and demanding business environment, the importance of labour-management interactions in organisational performance has been underlined in the literature. Human resource professionals are being asked to help organisations 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.

3. Review of Connected Theory

The following theory would be a reference point for this study in examining the challenges related to outsourcing in most organisations.

Economics of Transaction Costs:

The transaction cost economics theory was proposed by (Williamson & Coase, 1973). This 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 (Sriwong wanna,2009). As a result, this theory aids organisations in identifying non-core functions that might be outsourced to minimise operating costs. Regarding 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. Social Exchange Theory, Resource-Dependency Theory/Resource-Based View, Conflict Theory, and Equity Theory are some of the other theories that will

not be explored for this article.

4. Effects of outsourcing on employment relations

The global outsourcing boom has disrupted employee relations management, with non-permanent outsourced workers constantly interfering with regular interactions between permanent employees and management. Some researchers believe outsourcing positively impacts labour relations, while others disagree. According to Ogunrinola and Osabuohien (2010), 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

According to Kin (2008), outsourcing will allow workers to be used to their full potential without hiring them or providing them with ongoing training, resulting in cost savings. In a related argument by Olsen (2006), 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), outsourcing compensates for unfavourable work characteristics by offering less stressful occupations, and temporary employees are more satisfied with their positions than permanent employees. According to Mankiw and Swagel (2006), outsourcing is not about creating jobs; instead, if allowed to run its course, it might result in greater real salaries and living standards. Geishecker(2005) looked into the impact of outsourcing on manufacturing labour productivity estimates and discovered that outsourcing 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), 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 due to the risk that outsourcing exposes low-skilled workers to job loss, pay constraints are more readily accepted among skilled workers.

Outsourcing, according to Iheriohanma and Austin-Egole, (2020) 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), 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 drops.

Specific Effects of Outsourcing in Organizations Outsourcing has both good and bad consequences on the organisation's actors. These effects differ based on the performers' placements.

Management

Firms also outsource workers involved in the organisation's core activities, secretaries, security personnel, and drivers, among others. According to recent results, despite the reduction in operational expenses, which is the most favourable effect of outsourcing in organisations, there has been a rise in fraud instances within some organisations like banks. Disgruntled and uninspired outsourced personnel, who come into contact with sensitive information about clients' money, were responsible for 80% of 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 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, layoffs, and 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. However, outsourced employees do not have these opportunities.

Direct Employees

According to Dobbs and Nadhwani (2004, p.20), outsourcing results in a reduction in direct employee numbers as a result of job loss. Despite the fact that direct employees have higher job perks and superiority over outsourced employees, outsourcing has a negative impact on the primary workforce. According to the International Labour Organization, there are at least 3 to 4 outsourced employees for every direct employee. As a result, direct employees are laid off and replaced with temporary, casual, and contract workers.

5. Organisational/Work Performance and Outsourcing.

Organisational performance is impacted by outsourcing human resource functions (Gilley, Greer and Rasheed, 2004). 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 jobs, resulting in improved knowledge development and sharing, which is a critical component of gaining a competitive advantage (Kakabadse and Kakabadse, 2002). 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), which says that “outsourced personnel must complete the assignment no later than the due date or suffer job termination if they fail to fulfil 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. On the other hand, organisations continue to benefit since their personnel, both direct and outsourced, put up their best effort to avoid being fired. A study by Sriwongwana (2009) 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, organisations still make money because both direct and outsourced employees do their best not to lose their jobs.

6. Empirical Review

Past studies on the impact of outsourcing are reviewed as follows:

The first study to be reviewed was on the performance of manufacturing enterprises in Kenya examined in relation to the consequences of outsourcing human resource operations. The Transaction Cost Economic (T.C.E.) Theory, the Resource-Based View (R.B.V.) Theory, the Core Competency Theory, and the Contractual Theory served as the study’s guiding theories. The research design for the study was a case study. The study focused on Capwell Industries Limited’s middle- and senior-level staff members. A sample of 145 respondents was drawn from a target population of 480 employees. The respondents were chosen using a deliberate and stratified selection approach. The study’s conclusions showed that outsourcing staff recruiting services has a detrimental effect on a company’s performance. Responses indicated that respondents believed outsourcing employee training was positively related to employee competence, hence improving firm performance.

The second research to be reviewed was how outsourcing affected eight dimensions of organisational structure, including complexity, cent realisation, hierarchy, formality, professionalism, specialisation, standardisation, and personnel ratio, with an eye toward how these effects would affect organisational effectiveness and productivity. At Mobarakeh Steel Company (M.S.C.), 98 personnel, including managers and supervisors, 77 were chosen as samples. Its validity was 0.97 using Cronbakh, and its reliability was verified by choosing scientific and valid components, organisational experts’ opinions, and the thesis advisor’s advice. Data analysis was done using SPSS. The findings indicate that outsourcing improved productivity and organisational performance while having a favourable impact on all 8 variables.

7. Framework for research

This study examines the link between constructs such as outsourcing decisions, employee relations management, cost savings, improved corporate focus, and access to world-class capacity using hybrid research. The study design lays the groundwork for addressing the research questions. The following is the study’s research model:

Figure 1: Framework for Outsourcing and Employee Relations



Source: Derived by the Author

8. Hypotheses development

The global outsourcing boom has disrupted employee relations management, with outsourced personnel in the workplace constantly threatening permanent employees’ positions, job security, focus, 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.

H0:1 there is no significant relationship between outsourcing and employee relations management for organisations

Researchers discuss several factors that impact outsourcing decisions. Cost savings, increased company focus, and access to world-class capacity are the main outcomes (Rashid, & Al-Azad, 2013)

H0: 2 there is no significant relationship between outsourcing and cost savings, the company's focus and having access to world-class expertise

Cost Savings

One of the most common motivations for companies to explore outsourcing is to lower their total operating costs. Operating costs can be viewed as capital investment and overhead and fixed costs.

Increase the company's focus.

This variable is a reflection of the client's perceptions of how outsourcing may assist them in increasing corporate focus. Shifting resources to focus on core business and new product development would substantially influence firms' ability to explore new market segments and gain new clients, hence increasing revenues profitably.

Having access to world-class expertise

Firms' primary goal in today's competitive business environment is to obtain access to world-class capacity or expertise. Customers would be judged on how well outsourcing helped them obtain access to suppliers' best-in-class specialists.

Outsourcing decisions also affect employees' relations when the organisation eliminates full-time employees and replaces them with outsourced staff to reduce costs. Redirecting the organisation's focus may also affect the existing employees with downsizing and rightsizing of the workforce. Finally, relying on outsourced expertise outside the organisation instead of training and development of permanent employees may affect labour-management relations in any organisations, hence the need for a third hypothesis. H0:3 there is no significant relationship between employee relations management and cost savings, the company's focus and having access to world-class expertise

METHODOLOGY

The survey design was chosen for this study because it includes the exploration of the opinions of a large number of individuals and the conclusion formed from such inquiry; it is also a descriptive and analytical design. The questionnaire is used in the survey design to allow for a broader variety of responses from the concerned organisation. The research was done at the selected organisations in Lagos State, with a focus on all parties involved and the impact of outsourcing on employee relations management. The selected organisations are: Access Bank Plc, I.C.S. Outsourcing Limited, M.T.N. Nigeria Communications P.L.C. and HIS Holdings Limited. The population for this study includes the personnel and management of selected organisations in Lagos State. 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. 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). In this study, a closed-ended questionnaire with a Likert Scale was engaged and administered proportionally to the four selected companies. The online survey was utilised to post the online questionnaire link on Google Docs and e-mailed to the executives and other employees of various selected organisations via key individuals. The descriptive statistics of the

respondents were analysed using the Statistical Package for Social Science (SPSS-28) in this study, Chi-Square was used to generate inferential statistics using the SPSS.

RESULTS AND INTERPRETATIONS

1. Data Analysis

The researchers used both descriptive and inferential statistics. 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 statistics, the Chi-Square(X^2) was utilized. The Chi-Square test was used to examine the three (3) hypotheses with SPSS used to generate the results.

2. Demographic Profiles of Respondents

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

Table 1 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%
	Above 10 Years	31	49%
Educational Level	High School Cert	6	9.50%
	Diploma	21	31%
	First Degree	31	50%
	Masters	6	9.50%
	Ph.D.	0	0%
Type of Employment	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%

Source: Field Survey, 2022

An overview of the gender distribution statistics; shows that sixty-three (63) respondents participated in the

survey. The figures obtained indicate fifty-one per cent (51%) were males, while forty-nine per cent (49%) were females. Of the full-time employee that participated 60% were outsourced, and the remaining 40% were outsourced employees. Further analysis shows that forty-nine per cent of the respondents are above 40 years old. 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 per cent of the respondents have 10 years and above work experience while the remaining fifty-one per cent have lesser experience.

• **Testing of Hypotheses**

Hypothesis One

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

Table 2 shows the respondents' responses on the questions that are related to the hypothesis.

Table 2: Responses to questions 8, 11 and 13 on the questionnaire

S/N	Questions	No. of Respondents	1	2	3	4	5
8	Outsourcing has a 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 is acordial 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 3: 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

$$e_{11} = (49 \times 63)/189 = 16.33$$

$$e_{12} = (49 \times 63)/189 = 16.33$$

$$e_{13} = (49 \times 63)/189 = 16.33$$

$$e_{21} = (13 \times 63)/189 = 4.33$$

$$e_{22} = (13 \times 63)/189 = 4.33$$

$$e_{23} = (13 \times 63)/189 = 4.33$$

$$e_{31} = (11 \times 63)/189 = 3.67$$

$$e_{32} = (11 \times 63)/189 = 3.67$$

$$e_{33} = (11 \times 63)/189 = 3.67$$

$$e_{41} = (25 \times 63)/189 = 8.33$$

$$e_{42} = (25 \times 63)/189 = 8.33$$

$$e_{43} = (25 \times 63)/189 = 8.33$$

$$e_{51} = (91 \times 63)/189 = 30.33$$

$$e_{52} = (91 \times 63)/189 = 30.33$$

$$e_{53} = (91 \times 63)/189 = 30.33$$

Table 4: Calculated chi-square (X^2) test

O _i	E _i	O _i - E _i	(O _i - E _i) ²	(O _i - E _i) ² / E _i
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 a significant relationship between outsourcing and employee relations management for organizations.

Hypothesis Two:

Ho: 2. there is no significant relationship between outsourcing and cost savings, the company’s focus and having access to world-class expertise

Table 5 shows the respondents’ responses to the questions that are related to the hypothesis.

Table 5: Responses to questions 9, 10, and 12 on the questionnaire

S/N	Questions	No. of Respondents	1	2	3	4	5
9	Outsourcing leads 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 world-class expertise	63	38	15	3	4	3

Source: Field Survey, 2022

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

Table 6: 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

$$H_0 : X^2 = 0$$

$$H_a : X^2 \neq 0$$

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

$$e_{11} = (43 \times 63)/189 = 14.33$$

$$e_{12} = (43 \times 63)/189 = 14.33$$

$$e_{13} = (43 \times 63)/189 = 14.33$$

$$e_{21} = (20 \times 63)/189 = 6.67$$

$$e_{22} = (20 \times 63)/189 = 6.67$$

$$e_{23} = (20 \times 63)/189 = 6.67$$

$$e_{31} = (10 \times 63)/189 = 3.33$$

$$e_{32} = (10 \times 63)/189 = 3.33$$

$$e_{33} = (10 \times 63)/189 = 3.33$$

$$e_{41} = (19 \times 63)/189 = 6.33$$

$$e_{42} = (19 \times 63)/189 = 6.33$$

$$e_{43} = (19 \times 63)/189 = 6.33$$

$$e_{51} = (97 \times 63)/189 = 32.33$$

$$e_{52} = (97 \times 63)/189 = 32.33$$

$$e_{53} = (97 \times 63)/189 = 32.33$$

Table 7: Calculated chi-square (X^2) test

O _i	E _i	O _i - E _i	(O _i - E _i) ²	(O _i - E _i) ² / E _i
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 a significant relationship between outsourcing and cost savings, the company's focus and having access to world-class expertise.

Hypothesis Three

Ho: 3. there is no significant relationship between employee relations management and cost savings, company's focus & having access to world-class expertise

Table 4.3.6 shows respondents' responses on the questions that are related to the hypothesis.

Table 7: Responses to questions 14, 15, and 16 on the questionnaire

S/N	Questions	No. of Respondents	1	2	3	4	5
14	Labour cost savings in my organisation has impacted labour - management relations	63	5	4	4	5	45
15.	Employee focus on core activities in my organisation has a positive effect on employee-employer relations	63	1	0	3	8	51
16.	Having access to outsourced world-class expertise may lead to an unfriendly atmosphere due to management's incapacity to properly manage and harness employee relations	63	39	16	4	1	3

Source: Field Survey, 2022

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

Table 8: Chi-square (X^2) test

Responses	Q14	Q15	Q16	Total
1(Strongly Disagree)	5(e11)	1(e12)	39 (e13)	45
2(Disagree)	04(e21)	0(e22)	16(e23)	20
3(Neutral)	4(e31)	3(e32)	4(e33)	11
4(Agree)	5 (e41)	8(e42)	1 (e43)	14
5 (Strongly Agree)	45(e51)	51(e52)	3(e53)	99
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

$$e_{11} = (45 \times 63)/189 = 15$$

$$e_{12} = (45 \times 63)/189 = 15$$

$$e_{13} = (45 \times 63)/189 = 15$$

$$e_{21} = (20 \times 63)/189 = 6.67$$

$$e_{22} = (20 \times 63)/189 = 6.67$$

$$e_{23} = (20 \times 63)/189 = 6.67$$

$$e_{31} = (11 \times 63)/189 = 3.67$$

$$e_{32} = (11 \times 63)/189 = 3.67$$

$$e_{33} = (11 \times 63)/189 = 3.67$$

$$e_{41} = (14 \times 63)/189 = 4.67$$

$$e_{42} = (14 \times 63)/189 = 4.67$$

$$e_{43} = (14 \times 63)/189 = 4.67$$

$$e_{51} = (99 \times 63)/189 = 32.33$$

$$e_{52} = (99 \times 63)/189 = 32.33$$

$$e_{53} = (99 \times 63)/189 = 32.33$$

Table 9: Calculated chi-square (X^2) test

O _i	E _i	O _i - E _i	(O _i - E _i) ²	(O _i - E _i) ² / E _i
5	15.00	(10.00)	100.00	6.67
1	15.00	(14.00)	196.00	13.07
39	15.00	24.00	576.00	38.40
4	6.67	(2.67)	7.11	1.07
0	6.67	(6.67)	44.44	6.67
16	6.67	9.33	87.11	13.07
4	3.67	0.33	0.11	0.03
3	3.67	(0.67)	0.44	0.12
4	3.67	0.33	0.11	0.03
5	4.67	0.33	0.11	0.02
8	4.67	3.33	11.11	2.38
1	4.67	(3.67)	13.44	2.88
45	33.00	12.00	144.00	4.36
51	33.00	18.00	324.00	9.82
3	33.00	(30.00)	900.00	27.27
				125.855

$$X^2_C = (O_i - E_i)^2 / E_i = 125.855$$

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

$X^2_c > X^2_t$ (125.855 > 20.09). So, reject H_0

Results: The result obtained from the chi-square (X^2) test shows that the calculated chi-square (125.855) is greater than the tabulated chi-square (20.09) at a(0.01) significant level.

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

Implications: This reveals to us that there is a significant relationship between employee relations management and cost savings, the company's focus and having access to world-class expertise

CONCLUSIONS AND RECOMMENDATIONS

1. Conclusions

The focus of this study was to explore the 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 outsourcing 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 significant impacts of outsourcing on employee relations management in organisations.
- It was also determined that outsourcing leads to organisational cost reductions and savings.
- This study brought to the fore that outsourcing helps organisations to focus on core functions and competencies.
- The study established that outsourcing helps organisations access world-class expertise that would not have been available to businesses.
- It was also accepted that cost savings, the company's focus, and having access to world-class expertise influence employee relations management.

2. Recommendations

- Based on the findings, it was recommended that organisations 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 an edge and can outperform their competition while also managing employee relations through better remuneration, communication, leadership, training and job stability.
- Organisations should also balance cost-cutting through outsourcing concerning their employees' collective bargaining power to better manage employee relations.

3. Contribution to knowledge

- The study has contributed to existing outsourcing and employee relations management literatures.
- The study's outcome has provided empirical evidence of the effect of outsourcing in terms of cost reductions, access to expertise, and focus on core functions and competencies.
- The study outcome has provided empirical evidence that outsourcing decisions affect cost reductions, access to expertise, focus on core functions and competencies affect labour- management relations in the organisation.
- Most of the researcher focuses more on how the effect of outsourcing impacts on business performance in terms of profitability, costs, market share and sales growth. But this work looked at its effect on employment relations with a particular focus on cost, access to world-class expertise and core business activities getting first-hand experience from outsourced staff and full-time employees, which earlier studies had failed to emphasise.

Suggestion for further study

- The variables should be expanded to include other enablers of outsourcing such as: Quality improvement, Increased flexibility, access to invention and innovation, Latest and high- efficiency technology, and Exploring new market segments.
- This study recommends that more research be done, emphasising new technology businesses, to determine why companies continue to outsource the majority of their technologies, new media accounts, and data instead of hiring permanent staff. Despite internal management and staff objections, this has an impact on employee relations, privacy, data, competitive advantage, and functionality.
- More research may be done to gather participants' assessments of both businesses' career growth and work satisfaction.

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