

DETERMINANTS OF SUCCESSFUL LABOUR MARKET NETWORKING OF CONTINGENT CONSTRUCTION ARTISANS FOR CONSTRUCTION PROJECTS IN NIGERIA

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ABSTRACT

The concept of sustainable development has been viewed as an integra concept across sectors, fields and scales. One of such sectors is the construction industry; areas such as procurement of artisans is very vital in the sustainability of any construction project. This study is concerned with identifying the determinants of successful labour market networking of contingent construction artisans for construction projects in Nigeria using Federal Capital Territory (FCT) Abuja as a case study. The aim is to improve the procurement of contingent construction artisans through social networking for construction projects. A purposeful sampling survey using two different sets of questionnaires was adopted for the study. The responses obtained were analyzed using various statistical methods including simple percentage, ranking method and Spearman's coefficient of rank correlation. From the result it is clear that the two most important determinants to successful labour market networking are increase the qualification requirement of artisans and training and retraining of artisans in the market. This is closely followed by developing of phone directory for labour market in various localities. The use of intermediary (organiser) was also seen as especially useful in labour market networking.

Keywords: Contingent labour, construction artisans, social networking, procurement of contingent labour, Nigeria construction industry

INTRODUCTION

Sourcing for contingent construction artisans in Nigeria has over the years evolved and the method adopted in recruiting or hiring of construction artisans have over the years changed from the traditional system of artisans gathering in various locations across the country waiting for employers of labour to a more closed system where job is majorly obtained based on who one knows and the level of information available to a person.

Labour market exists if there are people who work or are available to work for a wage; it may be a geographical location where labour is bought and sold, but in most cases this is not a physical market, it is an abstract concept and the study of labour market or labour procurement is conceived as the interactions of demand and supply of labour as well as institutions that help to facilitate such intercourse and processing (Fagana, 2000). *Labour market is an economic activity and economics has grown from the old and traditional way where it is seen as a means to organise resources such as labour and raw materials in order to produce goods and services that create well-being; has evolved to sustainable economics which involve one which provides for the greatest amount of general well-being with the least amount of resource use and environmental harm. In economic terms, to be truly sustainable, the overall demand for natural resources (also known as ecological footprint) must be less than the nature's renewable supply of resources (also known as biocapacity). One of such activities is construction activity which involves contingent artisans.*

Labour market, according to Fagana (2000), is usually conceived as comprising two major segments: urban/rural, formal/informal, and traditional/modern. McConnell and Brue (1995) indicate such subdivisions as internal/external, primary/secondary. Formal labour market, which can also be identified as primary / internal labour market, is characterized by regular employment of full-time nature with some form of recruitment procedure.

Contingent construction artisans can also be referred to as informal construction workers or artisans. Informal designates a behaviour which deviates from the expectations of those hierarchically superior. The concept of the informal sector, as noted by Akanji (1998), describes those activities that are often unrecorded, take place outside official institutions and are, consequently, unregulated. *The construction industry is a part of the larger economic activity and for such activities to be sustained it must be hinged on economic growth, sustainability is central to economic growth. For the private sector, this represents greater environmental and social responsibility as well as a new landscape of business opportunity. The financial sector has a key role to play in delivering environmental and socially sustainable labour market solutions.*

Related studies on informal construction sector in Nigeria such as Oladapo (2007) undoubtedly confirmed the existence of informal construction sector. Nwaka (2009) emphasized the need for the government (formal sector) to support informal sector and not allow the sector to content with self-help and fending for themselves. Odediran and Babalola (2014) observed that activities in the construction industry are performed by different trades' artisans refer to as informal workers/artisans. Hence, Mitullah and Wachira (2003) submitted that the focus of research and technical assistance to date that has largely been upon the enterprises that comprise the sector – the contractors, subcontractors and consultants is totally wrong. Little attention has been paid to the labour force, about which often little is known.

The concept of formal labour market though successful is fast fading away and a more modern way of sourcing contingent construction artisans is fast coming up. Hence the need for a proper research into the ways informal or contingent construction artisans are being procured for construction projects in Nigeria.

LITERATURE REVIEW

Evidence of an Increase in the Use of Contingent Labour in Construction Projects

A contingent workforce is a provisional group of workers who work for an organisation on a non-permanent basis, also known as freelancers, independent professionals, temporary contract workers/artisans, independent contractors or consultants (Deloitte, 2012)..

In the United States, the nontraditional workforce includes multiple job holders, contingent and part-time workers, and people in alternative work arrangements (Deloitte, 2012). These workers currently represent a substantial portion of the U.S. workforce, and nearly four out of five employers, in establishments of all sizes and industries, use some form of nontraditional staffing (Jay, 2010). People in alternative work arrangements include independent contractors, employees of contract companies, workers who are on call, and temporary workers (Deloitte, 2012). *Such workers who work on contingent bases helps in the sustainability of such firms as they help to save cost and bring in innovative ideas for the survival of such establishment.*

Subcontracting has always been important in the construction industry, particularly in building construction where the production process is divided into a number of discrete activities. These tasks or activities are often carried out sequentially and may require specialised labour. Hence, it often makes sense, in technical and economic terms, for general contractors to subcontract some tasks to independent, specialised units on contingent bases.

Subcontracting has increased significantly in the past two to three decades. And it is no longer restricted to specialised tasks. In some countries the bulk of the construction workforce is now recruited through subcontractors and other intermediaries as the “outsourcing” of labour requirements has become the norm (ILO, 2001).

In many developing countries, the practice of recruiting labour through subcontractors and intermediaries is long established. Subcontracting is usually on a “labour only” basis and may go through several stages on a large project, creating a multi-layer contracting system. At the bottom of the system are the intermediaries who recruit and control the labour. They are known as *mistris*, *jamadars* or *mukadams* in India, *oyaji* in the Republic of Korea, *kepala* in Malaysia, *gatos* in Brazil and *maestros* in Mexico (ILO, 2001). In Nigeria these intermediaries are called *organisers* (Anigbogu, 2002)

The informal construction operative labour market attracts a variety of skilled, semi-skilled and unskilled labourers middlemen or intermediaries called “organisers”, who themselves are part of the labourers in the market, but take upon themselves a leadership position in bringing together the employers of labourers and the labourers together (Anigbogu 2002). According to Anigbogu (2002), the potential employer contacts the “organisers” specifies the skills and the number of people required. The “organiser” in turn makes a selection. Occasionally, there is a possibility of direct contracts between the potential employer and the workers.

Although the intermediaries go by different titles, their function is essentially the same. They constitute a bridge between contingent construction artisans seeking work and contractors and subcontractors who can offer work (Vaid, 1999).

In India, most contractors and subcontractors have *jamadars* or *mistris* more or less permanently attached to them (Vaid, 1999). They are responsible for procuring labour, controlling and supervising the workers during the contract period, taking them away when the job is finished and bringing them back when there is a new job (Vaid, 1999). Recruitment of friends, neighbours and relatives is common and, as payment is by results, whole families are often involved. The loyalty of the labour is ensured through the payment of an advance (*peshgi*) from the contractor via the *jamadar*. The *peshgi* system provides the bond between the contractor, the intermediary and the worker. The intermediary is the guarantor of the contractor's money and the worker's employment, and a continuous link between the two. For this service he gets a monthly commission from the contractor and a cut from the wages of the worker.

A similar system of informal employment on contingent bases, which allows contractors to cope with fluctuations in the demand for labour, has also been practiced in Malaysia for many years (Abdul-Aziz, 1995). Workers are grouped into work gangs headed by a *kepala* or leader, who is the link between the workers and subcontractors, and ultimately the main contractors. In Malaysia, most construction workers are migrants from Indonesia. Both workers and *kepala* were originally recruited directly by the subcontractors who also supervised the workers. However, many *kepala* now negotiate with employers (subcontractors) on the basis of work packages: they control the work process and pay their workers out of the proceeds. Hence, they have become labour subcontractors in their own right.

In the Republic of Korea, the labour intermediary is called an *oyaji*, meaning father (Yoon & Kang, 2000). The *oyaji* is usually a skilled artisan who operates as an independent manager-cum worker. He receives a contract from a subcontracting company and does the construction work by employing contingent artisans on daily bases. The subcontracting company may employ the *oyaji* on a monthly pay basis and control the work process itself. More usually, control is exercised through a contract, in which case the management is left to the *oyaji*. The subcontractor controls the *oyaji* because the latter is dependent on the former for future work (Yoon and Kang, 2000).

All these means of labour networking for construction project are good and helpful but do they guaranty sustainable economic growth that would help in the sustainability of such construction project; therefore sustainable economic growth may provide employment opportunities with generating new working areas and more comfortable and productive working conditions while preserving natural environment, ensuring fair income, securing at work and guaranteeing freedom; therefore the need for improvement and reorganisation of the labour market networking for contingent construction artisans.

METHODOLOGY/DATA PRESENTATION

This study is concerned with ways of identifying the determinants of successful labour market networking of contingent construction artisans for construction projects in Nigeria using Federal Capital Territory (FCT) Abuja as a case study. Abuja is the Capital City of Nigeria, geographically located in the center of the country; at the 2006 Abuja had a population of 1,406,239, making it one of the ten most populous cities in Nigeria. Abuja has witnessed a huge influx of people into the city which has led to the emergence of satellite towns such as Karu Urban Area, Suleja Urban Area, Gwagwalada and other smaller settlements. In 2012, the population of Abuja was 2,245,000 making it the fourth largest urban area in

Nigeria behind Lagos, Kano and Ibadan. The population density of FCT is 190/km² (500/sq mi). The Federal Capital Territory (FCT) is bordered by the states of Niger to the West and North, Kaduna to the northeast, Nasarawa to the east and south and Kogi to the southwest. The City lies between latitude 8.25 and 9.20 north of the equator and longitude 6.45 and 7.39 east of Greenwich Meridian. The map of Abuja is shown in Plate 1.

The study was designed to examine the role of social networking in improving the procurement of contingent construction artisans for construction projects in Nigeria using Abuja as a case study. The study centered on the interaction between employers of labour, hiring firms and construction artisans. The interaction is between employers of labour and construction artisans that work on contingent bases, the method of social networks used in sourcing of artisans that work on contingent bases and the hiring firms. The data was collected by the use of questionnaires. Two sets of questionnaires were administered using purposeful sampling technique. The responses obtained were analyzed using various statistical methods including simple percentage, ranking method and Spearman's coefficient of rank correlation. One set was for the employers of labour and the other set for the artisans themselves. The two sets of questionnaires sought similar information on construction artisans' mode of procurement. The purpose was to sample opinions of the main stakeholders and compare their responses to obtain balanced opinions.

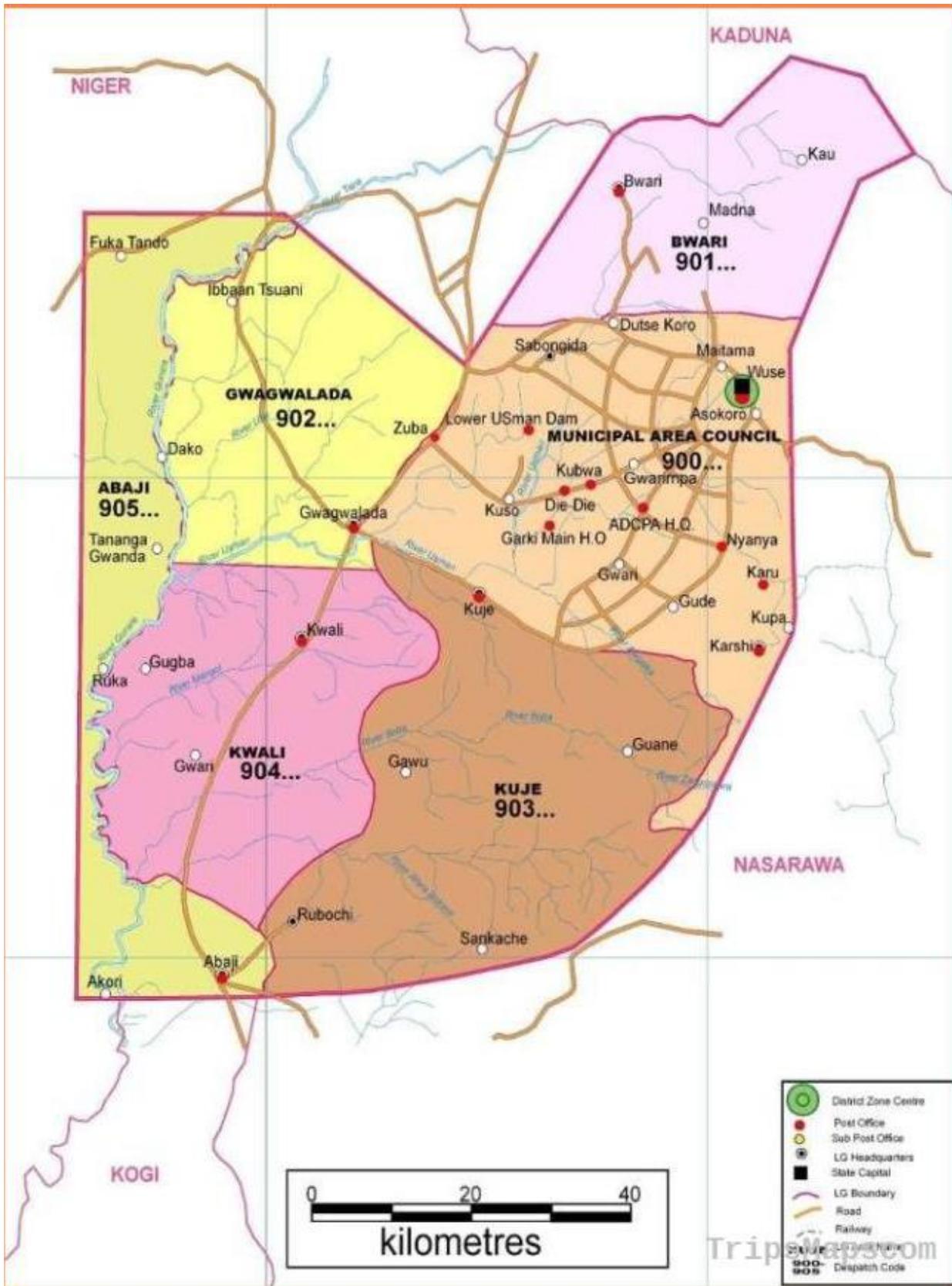


Plate 1: The Map of FCT Abuja, Nigeria.

ANALYSIS AND DISCUSSION

Main Determinants Of Successful Construction Labour Networking

According to the survey (Table 1) 70.7% of employers and 61.5% of artisans agree that they have patronized and have been part of the physical labour market; this agrees with the assertion that labour market may be a geographical location where labour is bought and sold. Table 2 shows that while 51.7% of the employers and 54.2% of the artisans felt that the physical labour market is not well organized and needs improvement. This agrees with the assertion that the concept of the informal labour sector describes those activities that are often unrecorded, take place outside official institutions and are, consequently unregulated.

Table 3 shows that 78.0% of employers and 87.2% of artisans acknowledged they have worked with and worked under an intermediary ('organiser'); this shows many employers of labour resort to a system of indirect employment which allows contractors to cope with fluctuation in the demand of labour which has been practiced in many parts of the world for many years, the contractor contacts the intermediary as the need arises for construction workers.

Figure 1a and 1b show that employers of artisans and the artisans themselves are satisfied with their working relationship with the various intermediaries they have worked with. Also, 56.1% of employers and 64.1% of artisans agree that if there is a similar job, they would still work with the various intermediaries they have worked with in the past (Figure 2a and 2b). The above findings show that most employers of labour and artisans are using intermediary and networking in procurement of contingent construction artisans. Table 4 gives the responses of employers and artisan on the reason why employers would not want to use an intermediary again if they have similar jobs and why some artisans would not want to work with/under an intermediary again. Employers ranked lack of commitment to the job and the employer as 1st and 'trust and accountability issues as 2nd, whereas artisans ranked trust and accountability issues as 1st and poor safety consciousness on the part of the intermediary as 2nd.

Table 5 shows the responses of employers and artisans on ways to improve the effectiveness and efficiency to the labour market. The ranking shows an agreement between the employers and the artisans as regards the two most important factors, which are increase the qualification requirement of artisans and training and retraining of artisans in the market, this is closely followed by developing of phone directory for labour market in various localities. These points show the fact that there is need to follow best international practice, embrace technology, and develop an effective network for procurement of construction workers. The rank correlation of ways of improving the effectiveness and efficiency of construction labour networking shown in Table 6 gives a high value of 77.9%.

Table 1: Patronage of physical labour market

	No of Respondent (Employer)	Percentage	No of Respondent (Artisans)	Percentage
Yes (patronise)	58	70.7	48	61.5
No (not patronise)	20	24.4	30	38.5
No Response	4	4.9	-	-

Table 2: level of organisation of the physical labour market

	No of Respondent (Employer)	Percentage	No of Respondent (Artisans)	Percentage
Yes (organised)	26	44.8	20	41.7
No (not organised)	30	51.7	26	54.2
Idon't know	2	3.5	2	4.1

Table 3: Worked with Intermediary (organiser)

	No of Respondent (Employer)	Percentage	No of Respondent (Artisans)	Percentage
Yes(worked)	64	78.0	68	87.2
No(not worked)	14	17.1	8	10.3
No Response	4	4.9	2	2.6

Relationship and Efficiency of Intermediary (Organiser)

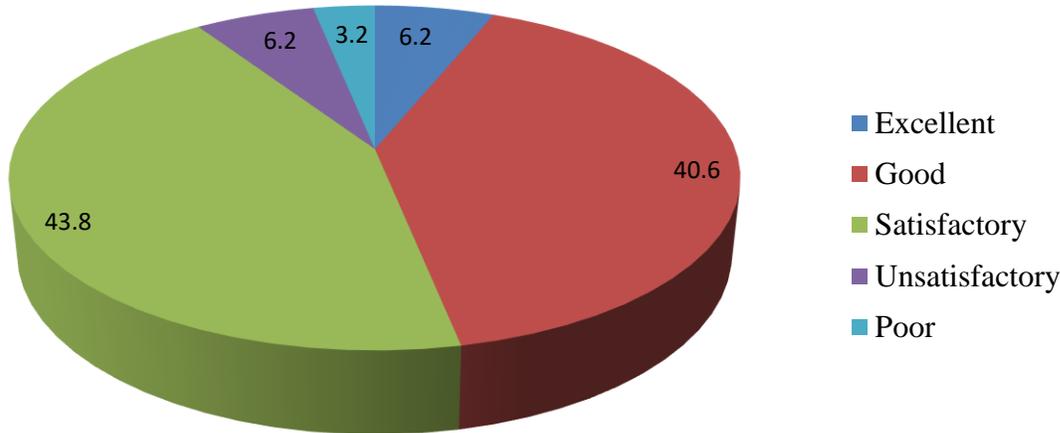


Figure 1a: Relationship and efficiency of intermediary (Employers Perspective)

Relationship and Efficiency of Intermediary (Organiser)

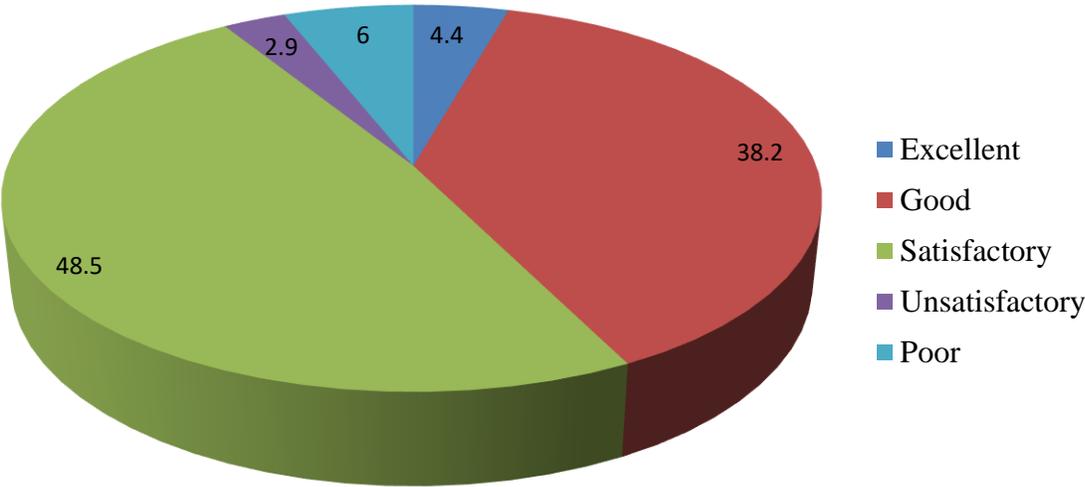


Figure 1b: Relationship and efficiency of intermediary (Artisans Perspective)

Engagement of Intermediary (organiser)

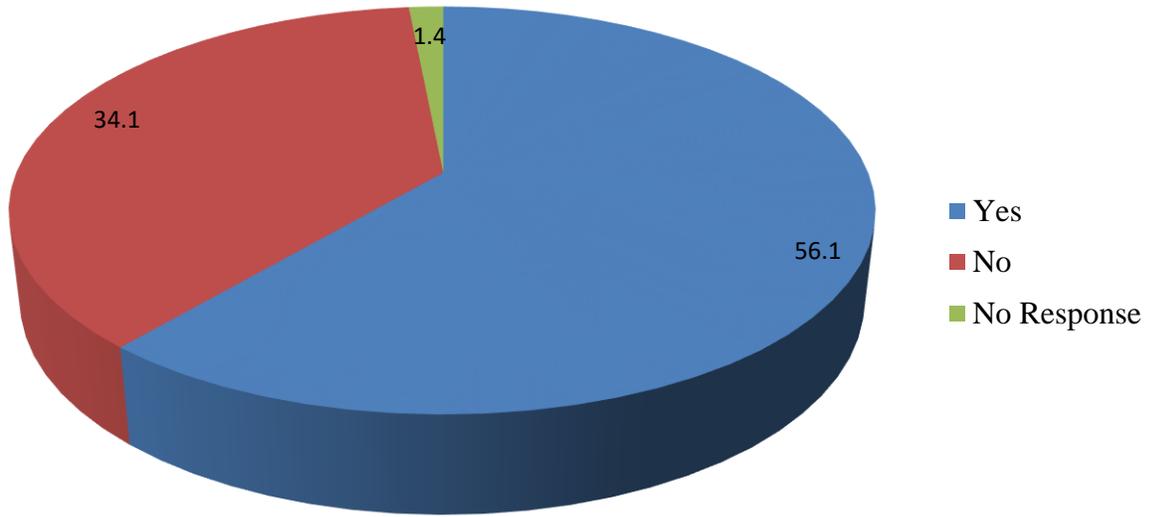


Figure 2a: Engagement of intermediary (Employers Perspective)

Engagement by Intermediary (organiser)

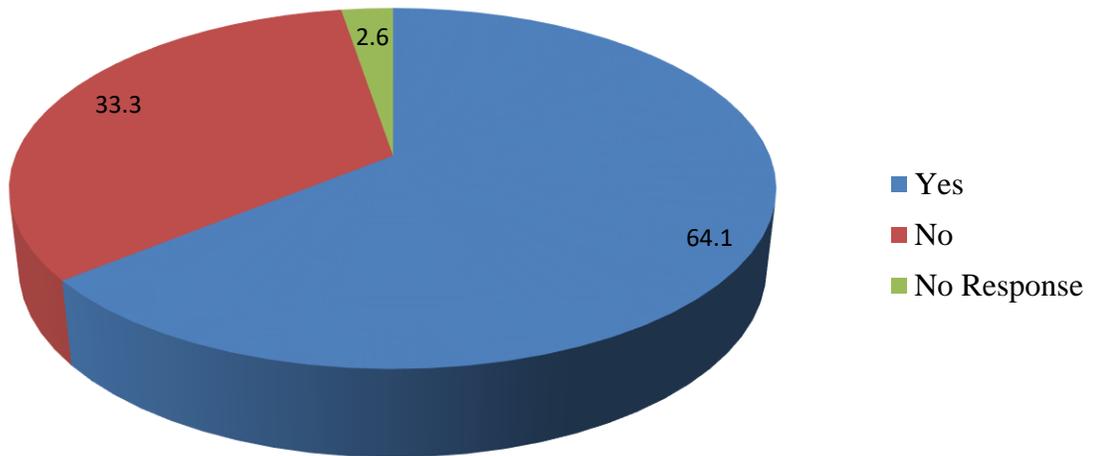


Figure 2b: Engagement by intermediary (Artisans Perspective)

Table 4: Reason for not using intermediary (organiser)

REASONS	Employers		Artisans	
	Mean score	Rank	Mean score	Rank
Lack of commitment to the job and employer	2.22	1	1.97	4
Poor job delivery	1.85	6	1.92	5
Wastage of materials	2.02	3	2.08	3
Poor safety consciousness	1.93	4	2.13	2
Trust and accountability issues	2.10	2	2.26	1
Pilfering	1.90	5	1.82	6

Table 5: Improving the Effectiveness and Efficiency of the Labour Market.

FACTORS	Employers		Artisans	
	Mean score	Rank	Mean score	Rank
Increase the qualification requirement of artisans	4.37	1	4.03	1
Training and retraining of artisans in the market	4.24	2	3.92	2
Organising the artisans into associations	3.51	5	3.15	4
Developing a website for the labour market in each locality	3.61	4	3.10	5
Developing a phone directory for labour market in various locality	4.00	3	3.77	3

Table 6: Correlation ranking of employers' and Artisans view on how labour market can be made effective

Improvement factor	Ranked data for artisan		Ranked data for employer	
Spearman's rho	Ranked data for artisan	Correlation Coefficient	1.00	.779
		Sig. (2-tailed)	.	.680
		N	6	6
	Ranked data for employer	Correlation Coefficient	.779	1.000
		Sig. (2- tailed)	.680	-
		N	6	6

CONCLUSION AND RECOMMENDATIONS

The research was conducted to identify the main determinant of successful construction labour networking, finding from the study revealed the existence of physical labour market in the study area as this can be attested to by the fact that both sets of respondents claimed that they have patronised and have been part of the physical labour market in the study area. The study further revealed that both set of respondent felt that the physical labour market is not properly organised hence the need for improvement in its operations. *This reorganisation is needed so as to guaranty decent labour for the sustainability of the labour market and the construction industry at large as its only decent labour that would help build sustainable economic growth and environmental well being.* Further findings revealed the existence of intermediaries popularly known as organisers in the construction industry, both set of respondents claimed they have worked with these intermediaries before, the major draw back with working with these intermediaries are lack of commitment to the job and the employer, trust and accountability issues and poor safety consciousness. Further findings of the study revealed that increase in the qualification of artisans, training and retraining of artisans and developing a phone directory for labour market in various locality are the main determinants of successful labour market networking. Future studies can look at the role of information communication technology (ICT) and global system for mobile communication (GSM) in the procurement of contingent labour for construction projects.

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