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# How Satisfied are casual workers with their Pay?: Evidence from the Major Oil Marketing Companies in Kano State, Nigeria

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**Abstract:** *This study examines the effect of casualisation of labour on employees' satisfaction with pay: evidence from Major Oil Marketing Companies (MOMCs) in Kano State, Nigeria. The study adopted Correlational and cross-sectional survey research designs from a population of 198 casual job incumbents in a comparable occupation of petroleum marketing companies in which there were comparable distribution of casual employees in the six MOMCs from across 45 outlets located in Kano State. The logit regression demonstrates that casualisation of labour negatively affects employees' remuneration satisfaction. The result indicates that relying on numerical flexibility as employment strategy achieve substantially, higher negative pay satisfaction against the casual job incumbents in the Major Oil Marketing Companies in Kano State, Nigeria. The study found that assuming a perfectly competitive labour market, managers in the MOMCs should reward casual job incumbents with wage premiums to engender sound employment relationships and positive pay satisfaction. It is recommended that the Major Oil Marketing Companies in the country should institute wage premium to compensate the remuneration of the casual job incumbents while the Nigerian Government should enact enabling legislation for wage-premium pay to casual employees and statutorily empower the National Manpower Board to enforce compliance to guaranty a living wage to the casuals and positive pay satisfaction.*

**Keywords:** *Casual Employment, Casual Workers, Oil Marketing, Pay, Satisfaction.*

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## 1. Introduction

The main preoccupation of the field of strategic human resources management is not only about the question of why some organisations attain competitive edge over their rivals but ensuring person-organisation fit for the benefit of both the employee and the employer. A well-managed flexible contract arrangement that is tailored to enhance person-organization-fit will help mitigate the negative employees' attitude and job satisfaction and the attainment of the firms' corporate objectives. An important element in the employment relationships that helps reduce the adverse effect of casual employment on employees' job satisfaction is the state of the psychological contract of the casual job incumbents (Tsuiet. Al 1997; Shore & Barksdale, 1998; Guest, 2004; Nelson & Weymouth, 2006). Marked by intense competition as a result of the partial deregulation of the downstream sector of the Nigerian Oil and Gas industry, the competitive arena has unveiled challenges regarding the use of numerical flexibility and the question of the working poor. Over the past two decades, casualisation of labour has been entrenched as a prevalent employment relations in the petroleum marketing sector in particular and the oil and gas industry in general (Okafor, 2007, Danesi, 2008 & Mordi & Mmieh, 2009). It has been estimated that the casual density in the oil and gas sector has grown to at least 50% by 2010 (Danesi, 2011). In the extant Management Literature, two primary theoretical backgrounds for explaining employee compensation and remuneration have been expounded. As a prevalent work compensation theory in the 1960s, Adams (1963) focused theoretical formulation as regards financial compensation as contextualized on the nature of input versus output, social comparison and the circumstances leading to either equity or inequity and possible results of inequitable compensation and the likely responses as reactions to inequity (Pritchard, 1969). A second theory which has been widely applied is the Compensating Wage Differential Theory. Drawing on the Dual Labour Market theory, Wage Differential Theory posits that assuming a perfectly competitive labour market, workers in the peripheral market would attract wage premium to compensate them for their disadvantaged position (e.g. Booth et.al, 2002, Bruno, Caredeo & Dessy, 2008; Magda & Potoczna, 2014).

The focus of this study is to examine the perception of the casual job incumbents in the Major Oil Marketing Companies in Kano State, Nigeria within the context of a facet of job satisfaction namely-satisfaction with pay. Casual employment has been described as precarious employment relations that can significantly affect employees' pay satisfaction and may have certain unintended effects on social and

community lives (May & Burgess; 2005). Despite the astronomical growth in size and utility of casualisation of laboring the Major Oil Marketing Companies operating in Nigeria, only the few Nigerian studies were conducted on temporary employment (Okafor, 2007; Mordi & Mmieh, 2009 & Danesi, 2011). Notwithstanding the extant theoretical exposition of the Compensating Wage Differential Theory, it remains true that there has been dearth of empirical researches in a developing economy like Nigeria about the effect of casualisation on employees' satisfaction with pay. In this study we explore this gap by examining the effect of casualisation of labour on employees' satisfaction with pay in an aspect of the downstream of the Oil and Gas Industry. Guest & Clinton (2006) observes that the position of the casual job incumbents is not only insecure and precarious but may be damaging to their financial and emotional well being. With the proliferation of labour casualisation in the petroleum marketing sector and the deterioration of labour earnings and the question of the working poor, the growth in the casual density pose questions about the effect of casualisation on workers' satisfaction with pay. To the best of our knowledge, there was no previous empirical research that examines the effect of casualisation on employees' satisfaction with pay in the Major Oil Marketing Companies in Kano State, Nigeria. Consequently, the primary objective of this study is to examine the effect of casualisation of labour on pay satisfaction of casual job incumbents in the Major Oil Marketing Companies in Kano State of Nigeria. It is therefore, hypothesized that: ***H<sub>0</sub>***, *casualisation of labour has no significant effect on employees' satisfaction with pay in the Major Oil Marketing Companies in Kano State-Nigeria.*

The motivation for studies on the impact of casualisation employment on employees' satisfaction with pay as a facet of overall job satisfaction in a developing country like Nigeria is that the country has over 70% of its population living below the poverty- line and the increasing alarming rate of the poor which is increasing daily. Also, the Minimum Wage legislation benefits unionized workers under the formal sector in the standard employment segment with no government or industrial interventions to give wage premiums to the casual job incumbents to compensate them for the deprived employment benefits being exclusively enjoyed by their permanent co-workers. The remaining sections of the paper are structured as follows. The next section provides the literature review and theoretical framework. Section three (3) explains the research methodology, model specifications and variable measurement. Section four (4) presents the research data and its analysis and lastly section five (5) gives the research conclusion and recommendations.

## **2. Literature Review and Theoretical Framework**

Dixon (2009) conducted an empirical study that examined the effect of contract type on the job satisfaction along three facets of employees' hourly earnings, training and working conditions in New Zealand setting. The study employed employee personal demographic and job characteristic as the independent variables while the contract type served as control variable modeled on logit regression estimation technique. The main findings of the study revealed that there was no statistically significant effect between temporary employment and the job satisfaction of employees in New Zealand. The findings suggested that temporary workers evinced positive job satisfaction because they voluntarily chose for flexible work arrangement for reflect family work balance, volition for limited working hours, the flexibility linked to casual work, pay premium and inability to find suitable permanent work. The findings of this study may not be applicable in Nigeria owing to different levels of development of New Zealand, different unemployment rates and labour market parameters of the two countries.

Watson (2005) using earning models revealed that controlling for organizational and individual attributes, casual job incumbents were reported to have been worsen-off with inferior job status as far as earnings consideration were concerned. The study further found that when casual loadings were investigated, the part-time casual job incumbents instead of earning wage premium normally associated with CE, they were in reality penalized arising from their casual job status. This study is robust considering the use of self-reported 'contract employment' strategy adopted by Clark (1996) and Wooden and Warren (2004) in addition to the Household Income and Labour Dynamics in Australia (HILDA) survey report. This had widened the sources of data to incorporate both primary and secondary sources as well as the consideration of the hourly work dimensions critical to segregating full-time from the part-time casuals to allow for an in-depth analysis. This finding was supported by Campbell (2004) who punctured the arguments in support of casual loading and wage premium supposedly accruing to the casuals because not

all the casuals enjoyed casual loading earnings and that employment rights could not be 'cashed-out'. The main objection to the study is in respect of the measurement dimensions of the dependent variable in the research; in which the researcher criticized the use of the measure of job satisfaction 'as an inadequate way to analyze casualisation of labour of labour'. As far as Organizational Behaviour, Industrial Psychology and Management researches are concerned, the use of job satisfaction as a measure of subjective well being cannot be discounted with rigorous validity. As argued by Diener *et al* (1999), many empirical researches have conceded that global measures of subjective well being, job and life satisfactions have generally sufficient statistical properties and validity in research. This position was emphatically echoed by Clark (1996:191) that 'job satisfaction may be as close as we are likely to come to a proxy measure of utility at work'. Hence, previous research that investigated the nexus between job satisfaction and employment status are many in the literature (Clark, 1996; Wooden and Warren, 2004; Biggs, 2003).

Guest and Clinton (2006) investigated the effects of employment contracts on workers' well being and behavior using a cross-sectional industry study from the United Kingdom. The major findings of the research were that contrary to the expectations in the literature, virtually all the measures indicated that temporary employees reported better job satisfaction, positive attitudes and behaviour than their permanent counterparts after controlling for other extraneous variables. More importantly, both high skill employees and their low skill counterparts who preferred permanent employment reported more favourable work attitudes and the highest level of well-being. However, in comparison with permanent workers, temporary employees reported higher levels of job insecurity but the study concluded that the high perception of job insecurity did not significantly impacted on job satisfaction and work behaviour. The main strength of the study was that the use of cross-sectional industry spanning the real sector and the service sector which made the sample representation more robust to reflect the UK labour market participants. As well, the empirical study employed multi variate independent and dependents variables that have been attested to be of significance incorporating contract type, skill level and contract volition as the independent variable and well-being, job satisfaction and behaviour and dependent variables after considering the intervening role of job content, Psychological Contract and employment prospects. The application of these findings in a developing economy like Nigeria could not be guaranteed. The standard of living of the working population, human resources policies and practices and the level of manpower utilization significantly differ which may affect the validity of the findings in Nigerian context. The finding of high satisfaction with wages may be connected with payment of wage premium to the casuals to compensate them with the disadvantages connected thereto and this finding could be supported by the Compensating Wage Differential theory.

Green and Heywood (2007) investigated the effect of flexible employment contracts on the job satisfaction of workers along the dimensions of pay, hours, job security, the nature of work and overall job satisfactions in the UK using Ordered Probit regression model. The main findings of the empirical research indicated that both casual and agency workers were associated with normally lower level of reported job satisfaction. The results specifically revealed that owing to the inferior quality of job associated with temporary employment, reported lower compensation and negative job security satisfactions. The main strength of the study was that it disaggregated job satisfaction into its dimensions and the overall job satisfaction of the workers and classified the type of employment into distinct categories to allow for in-depth study. Since this study was conducted in UK which is a developed economy, its results may differ from a developing economy like Nigeria.

Graaf-Zijl (2008) conducted an empirical study investigating the relationship between temporary employment contracts and job satisfaction using fixed-effects analysis technique applied on a longitudinal sample of Dutch temporary agency work arrangements. The major findings of the research were that in comparison to permanent workers, temporary workers (temporary agency employees) experienced lower levels of job satisfaction especially in respect of job content dimensions. While the fixed-term and on-call employees reported negative job satisfaction in connection with lack of job security and lower wages. The main strength of the findings is that the study specially focused on the effect of contingent employment on employees' job satisfaction and disaggregated the different types of temporary work arrangements prevalent in Dutch. The longitudinal approach has the advantage of tracking the possible effects of sample response variations over time which may effects the results of the investigation. However, the research has

failed to incorporate casual employees perhaps because, this type of temporary employment is not common in Dutch as an OECD country and hence, its applicability to Nigeria may not be valid where the preponderance of casual employment is the common practice.

Buchler (2007) investigated the differences in the objective and subjective measures of financial satisfaction, financial strain and job satisfaction in the Australian economy using the Wave 1 of Household Income and Labour Dynamics in Australia (HILDA) Survey. The major findings of the study were that casual employees were reported to be in precarious employment, characterized by low job status with lower reported levels of financial and overall job satisfaction and high incidence of financial strain. Though the study incorporated permanent employees in the sampled population, the finding of the study is robust and unique as it mainly focused on the effects of casual employment on financial satisfaction and job satisfaction and specifically the study excluded employees, owner-managers and fixed-term contracts from the survey sample. These findings are in consonance with the postulates of Segmented Labour Market Theory where casuals being 'peripheral employee are disadvantaged and marginalized' in the employment relationship leading to inferior jobs, low pay and lower job satisfaction.

In an empirical research on the relationship between employment status and job satisfaction using both fixed-effects analysis and multiple equation model Graaf-Zijl (2005), found that in the main, overall job satisfaction was primarily influenced by the satisfaction with job content of employees and satisfaction with job facets were determined from observed characteristics particularly in respect of Nonstandard Employment Relations (NERs). Except for the agency work employees, the finding revealed that the job satisfaction of on-call and fixed-term contracts were not different from permanent workers. Firstly, the finding of this study will not be applicable in a developing labour market like Nigeria. Most of the NERs in Nigeria consist of casual employment and the casual type was not represented in the sampled population of the study. Secondly, the result that reported no significant differences in the reported job satisfaction of the fixed-term contracts and on-call may be in consonance with previous researches like (Wooden and Warren, 2003 and Wooden & Warren 2004). The fixed-term contracts and on-call contracts were reported in the literature to evince even higher job satisfaction for many reason particularly the issue of personal preference for the temporary job status and the opportunity for family-work balance of the affected workers (Guest & Clinton, 2006).

Wooden and Warren (2004) studied the impacts of casual employment on employees' job satisfaction in Australia based on the administration of self-reported survey on temporary employees (fixed term and casuals) and the permanent ongoing employees. The major findings of the research were that employees did not necessarily viewed atypical employment contracts as undesirable with the fixed-term employees exhibiting higher job satisfaction than the casuals and permanent workers; relatively lower job satisfaction among the casuals was noticeable in respect of male employees with women exhibiting higher level of job satisfaction. The result of this study has been assailed by Watson (2005) by asserting 'that the findings of contentment among casuals are subject to methodological and philosophical weaknesses'. The methodological flaws were related to the failure of the finding to consider the distinction between absolute and positional satisfaction while the philosophical drawback was linked to the failure of the study to distinguish job structure and incumbent structure. We opine that the data source has applicability limitations in other countries particularly the developing countries like Nigeria. The data source was the Household Income and Labour Dynamics in Australia (HILDA) which may not be in consonance with the requirements of other countries because of differences in labour market developments, availability of statistics and socio-cultural variations.

Okpara (2005) examined the recruitment strategies of the operators in the upstream petroleum sector which identified the dual system of employment arrangements of permanent and temporary contract workers through which capital dominated labour by emasculating labour bargaining power to collective bargaining and better conditions of employment. This empirical research used the Wage Sheets, Collective Agreements and interviews to establish that unionized permanent employees had better pay at the expense of the contract employees with no opportunity to organize and benefit from collective bargaining agreements. The study was limited to the investigation of collective bargaining and the right to unionize and its effect on pay of the permanent unionized workers against the temporary non-unionized.

The study was done within the context of the recruitment policy of the upstream sector with emphasis on the increasing rate of casualisation of labour of labour by the MOCs in pursuits of profit maximization against the interests of the temporary workers employed.

Casual employment is usually characterized by precariousness and the problem of poor remuneration and financial well being and this could be attributed to its poor bargaining power in the employment relationship and lack of unionization. The disadvantaged position of the casual employee assuming a perfect labour market confers on the casual employee a wage premium to compensate for the effects associated with inferior nature of temporary employment and the associated poor remuneration. The wage compensation Theory postulates wage premium for the casual job incumbent as compensation of holding a typical employment. Green and Heywood (2007) argued that economic theory predicts compensating earnings differences to emerge that would offset the disadvantages associated with non-standard employment. According to labour Economics Compensating Wage Differential theory, wage premium to casual job incumbents serves as compensation for holding a peripheral employment hence casual employment and pay satisfaction are linked through their association with wage premium payment mechanism (Booth et al. 2002; Magda & Potoczna, 2014; Bruno et al. 2008 & Abowd & Ashenfelter, 1981).

### **3. Research Methodology and Model Specification**

#### **3.1 Population Design and Methods**

Homogeneity in marketing processes and services in the petroleum marketing of the Major Oil Marketing Companies is amenable to the persuasiveness of empirical research across the six quoted MOMCs in Kano State of Nigeria. The MOMCs are publicly quoted companies on the Nigerian Stock Exchange with established human resources practices using flexible work arrangements in a comparable occupation of petroleum marketing in which there was comparable distribution of casualised staff in 45 outlets exclusively operated and managed by the companies in Kano State-Nigeria. Of the 45 outlets operating by the MOMCs in Kano State-Nigeria, we personally visited the 45 dispensing stations in 2012 which were owned, manned and managed by the six MOMCs across the state in which 198 study population completed the self-report questionnaires on their perception of satisfaction with their pay as casual job incumbents. Prior to the 2012 Survey, a Pilot study was conducted to secure administrative information about the number of stations owned and managed by the six MOMCs across the state and the total proportion of the casualised labour force as at 2012 based on which the researcher computed the casualisation index of the study domain. For the purpose of the econometric analysis, we used a Correlational research design based on cross-sectional survey data as returned from the self-report questionnaires and the computed casualisation index of the study domain in the 45 marketing stations managed by the six MOMCs in Kano State.

#### **3.2 Model Specification**

To understand how to model effect of casualisation of labour on employees' satisfaction with pay, we used the logit regression function which seeks to specify the distribution of limited dependent variable (binary responses) as a function of independent variable. The independent variable (casualisation of labour) was measured by the casualisation index (rate) of the study domain. Watson (2000) opined that casualisation index could serve as a significant measure of the qualitative dimensions of the health of the labour market while the dependent variable was proxied by the dichotomized responses of the casual job incumbents where responses (yes response=1 and no response=0) and three control variables of gender, age and educational qualifications of the casual job incumbent were used introduced. The extensive application of qualitative response models in management research has been supported by Hoetker (2007) who argued that both Logit and Probit models have proved to be significant aspects of analytical research techniques in the field of management. To examine the hypothesis of the study, the analytical econometric model of the logit regression is presented hereunder:

$$\text{Log} \left\{ \frac{p(\text{RS}=1)}{1 - p(\text{RS}=1)} \right\} = Z = \text{RS} = \beta_0 + \beta_1 \text{CI} + \beta_2 \text{AGE} + \beta_3 \text{GENDER} + \beta_4 \text{EDUS} + \mu \quad (6)$$

Where:

RS = Remuneration Satisfaction

CI = Casualisation Index

AGE = Age of the casual job incumbent

GENDER = Sex of the casual job incumbent

EDUS = Educational qualifications of the casual job incumbent

$\alpha$  = Intercept

$\beta$  = Cross sectional parameter (coefficient to explain the variation caused by CI)

$\mu$  = Error term

Log = Natural logarithm

P(RS=1) = Probability that RS occurs as expected (i.e RS =1)

1 - p(RS=1) = probability that RS does not occur as expected (i.e RS=0)

The ratio of the two above (i.e  $p(\text{Satisfaction}=1) / 1 - p(\text{Satisfaction}=1)$ ) is called the odds (odd-ratio) in favour of the event that casual workers are satisfied occurring. Thus, the log of this odd ratio is what is called the LOGIT, which is equal to Z. Z is used as it is not bounded to be between 1 and 0, and it is convertible back to probability using the Z-score table. The probabilities themselves are not linearly related to the  $\alpha$  and  $\beta$  coefficients but the logs of ratio of the probability of occurrence to the probability of non-occurrence in the event of job satisfaction, are indeed linearly related with the coefficients  $\alpha$  and  $\beta$  (for more details on the derivation, see: Peng et'al, 2002 and Finney, 1952). Using STATA statistical package, we re-estimated the logistic regressions for the equation, after dichotomising our dependent variable. The reliability of the questionnaire was tested by using the Kuder-Richardson Formula 20 (R-K 20). The reliability test using KR-20 yielded a coefficient of 0.730223. A good reliability coefficient of 0.73 was found for the questionnaire administered as computed using Microsoft Excel Software.

#### 4. Results and Discussions

This section presents both the descriptive and inferential statistics for the study and test of the formulated hypothesis together with the discussion of the major findings within the context of the literature earlier reviewed. At the end, the policy implications of the findings were highlighted, conclusions drawn and appropriate recommendations made.

**Table 1: The Descriptive Statistics**

Variable	Mean	Standard Deviation	Minimum	Maximum
Casualisation of labour	0.73	0.001	0.727	0.731
RS	0.42	0.496	0	1
Age	37	10.278	19	57
Gender	1.5	0.516	1	2
Education	14.19	1.818	12	16

*Source: Output of STATA II 2012*

Table 1 contains value of the average, standard deviation, Minimum and maximum of the Casualisation of labour Index (CI), Remuneration Satisfaction (RS), age, and gender and education correlates of casual workers in the six Major Oil Marketing Companies (MOMCs) in Kano State, Nigeria. The table shows on the average that the casualised workers constitute about 73% of the total workforce in the six MOMCs in Kano State of Nigeria. The average percentage value for satisfaction with pay amongst the casuals represented only 40% respectively while a corresponding dissatisfied casual workers for remuneration satisfaction 60% of the population. The Table also shows that, the mean average age of casual employees in the Major Oil Marketing Companies constitutes 37 years old, with a minimum of 19 years and maximum of 57 years old. This descriptive statistics can be confirmed by the values of education status of the casual workers which indicates that the minimum qualifications in holding casual employment is Secondary School Certificates while on the average, the workers are holders of Diploma certificate with some graduates as holding casual employment as shown in the maximum value of educational tenure in the descriptive statistics. The mean value for gender is the value of 1.5 signifying that males are greater in number as casuals than their females counterparts.

#### 4.1 Presentation and Analysis of Regression Results

The table hereunder presents the inferential statistics of the logistic regression model of the study which examined the effect of the independent variable, casualisation on the dependent variable pay satisfaction of the casual job incumbents. The presentation follows the inferential analysis of the effect of casualisation of labour on remuneration satisfaction of the casual job incumbents.

**Table 2:** The Summary of the Logit Regression Results

Statistics	Model: $\text{Log}\{p(\text{RS}=1)/1 - p(\text{RS}=1)\} = Z = \beta_1 t + \beta_2 \text{CI} + \beta_3 \text{AGE} + \beta_4 \text{GENDER} + \beta_5 \text{EDUS} + \mu t$			
	RSS	Age	Education	Gender
Z – Score	-2.56	1.76	1.48	-1.91
P (Z)	0.010	0.078	0.138	0.056
Likelihood Prob.	0.000			
Pseudo RS	0.82			
Fitness Test	1.13			
	0.99			

*Source: Output of STATA II 2012*

#### 4.2 Casualisation and Satisfaction with Pay

In the preceding table, the test for the effect of casualisation of labour on satisfaction with remuneration of casual workers of Major Oil Marketing Companies (MOMCs) produces a significant Z-Score of -2.56 at 1% level of significance. The result indicates a negative association between employees' pay satisfaction and casualisation of labour. This signifies that for every 1 unit increase in labour casualisation, Z-scores are reduced by -2.56. This shows that casualisation of labour has negatively impacted on the satisfaction with remuneration of the casual workers in the MOMCs in Kano State. This may be as result of poor remuneration and inadequate pay to casual workers in oil companies in comparison to lucrative remuneration of their permanent co-workers. Therefore, poor compensation for their effort and comparing their pay with their permanent counterpart makes them unsatisfied. This may be in tandem with the Equity theory, Social Exchange theory and Social Comparison theory. The maximum likelihood-ratio of the model is also significant at 1% which confirms the validity of the statistical inferences derivable from the model that examines hypothesis of the study which states that there is no significant effect of casualisation of labour on employees' satisfaction with remuneration of the casual workers in Major Oil Marketing Companies in Kano State. The maximum likelihood-ratio (Chi2 LR) with p-value of 0.000 shows statistical significant at 1%. A Pseudo R2 of 83% indicates that the model as a whole is statistically significant and fit in the sense that it is better than a model without predictors. This was confirmed by the result of Hosmer-Lemeshow test of Goodness-of-fit which indicates that the model fits the data well (*Appendix A*)

In addition, controlling for age, gender and education as control variables proved to be statistically better than excluding them in the model (as revealed by the likelihood ratio), the predictive ability of the model is strong due to possibility of adequate information in the predictor that boosted the explanatory power of the model. The result for the effect of casualisation of labour on a facet satisfaction with remuneration shows statistical significance at 1% which contributes to high Pseudo R2 of 82%; the result for the control variables for both age and gender of casual workers in oil companies, marketing companies are statistically significant at 10% level. However, educational qualification shows a different result which is not statistically significant at all. The overall result indicates that casualisation of labour has negatively, strongly and significantly impacted on the satisfaction with remuneration of casual workers in the major oil companies in Kano State-Nigeria. This result therefore, provides an evidence to reject hypothesis of the study which states that casualisation of labour has no significant effect on the employees' satisfaction with remuneration. The finding is in line with Green and Heywood (2007), Watson (2005), Graaf-Zijl (2008), Buchler (2007) and contrary to Wooden and Warren (2004), Guest and Clinton (2006) and Dixon (2009).

It could be posited that if temporary employees have no alternative employment contracts than non-standard employment contracts, and are somehow crowded into a confined labour market, temporary employment contracts are usually associated with lower levels of job satisfactions. Permanent

employment contracts are associated with reasonably high remuneration in comparison with casual employees which are characterized by inferior jobs and low pay. Permanent employees have usually formalized employment contracts with remunerations, allowances and incentives with their employers and they also have stronger bargaining power in the employment relationships that is relational compared to casual employees through their unions. Hence, the remuneration and employment incentives associated with permanent workers tend to be higher compared to casual workers. Therefore, the job satisfactions in respect of pay for the temporary employees tend to be low and unattractive. However, the disadvantaged position of the casual employee assuming a perfect labour market confers on the casual employee a wage premium to compensate for the effects associated with inferior nature of temporary employment and the associated poor remuneration. The wage compensation Theory postulates wage premium for the casual job incumbent as compensation of holding a typical employment. Green and Heywood (2007) argued that economic theory predicts compensating earnings differences to emerge that would offset the disadvantages associated with non-standard employment.

The policy implications of this study are that recent discussion of deteriorating labour earnings and unfavorable financial well being against casual job incumbents contradicts the traditional Compensating Wage Differential theory. Considering that casualisation of labour has become a permanent feature of recruitment in the Major Oil Marketing Companies (MOMCs), the result of this study could be used in the formulation policies toward the management of flexible employment relationships that will engender positive employee attitudes, job satisfaction and positive psychological contract between the employees under flexible contracts and the employers of labour. The result of this study does not signify that managers in the MOMCs should not use flexible working arrangements in the work place. However, managers and supervisors can particularly devote more efforts at understanding and managing the adverse effects that casual employment may have on the job incumbents. A plausible way to engender positive attitude and job satisfaction would be to define the employment relations that reflect the employees' value and aspirations. Another method would be to ensure that managers understands how casuals fit into the organization so as to have person – organization – fit congruence and resultant positive employee attitude and job satisfaction. Since casualisation of labour was reported to be negatively associated with employees' satisfaction with pay, the practicing manager could adopt a policy of premium wage award to the casual job incumbents to enhance their pay satisfaction.

## **5. Conclusion and Recommendations**

This paper began as a background of the study by noting the theoretical postulate regarding wage compensation differentials accruable to the casual job incumbents assuming a perfectly competitive labour market where the casual employee has choice either to remain as a permanent worker or opts for a casual work arrangement. Drawing on empirical evidence from a field survey in a Nigerian Labour Market, the paper has examined the effect of casualisation of labour on employees' satisfaction with pay in the Major Oil Marketing Companies in Kano state of Nigeria. It was found that casualisation of labour has a statistically negative and significant effect on employees' pay satisfaction at 1% level of significance and it could be reasonably inferred that the casual employees of Major Oil Marketing Companies (MOMCs) in Kano state of Nigeria were not satisfied with their pay. The increasing casualisation rate signifies the growth of low-paid jobs. The negative effect of casual employment on the remuneration satisfaction of the casual workers in the MOMCs has lent credence to many empirical studies in this area. The negative result for reduced satisfaction with pay of casual employment could discredit the theoretical basis for the idea of compensating differential and wage premium applicable to casual workers. The crowding effect of involuntarily accepting casual employment without wage premium to compensate for good pay to the casuals made us to conclude low-paid job associated with casual employment in the MOMCs. It is recommended that considering the imperfections in the Nigerian Labour Market and to guaranty an enduring flexible strategy, management of the MOMCs should institute wage premium regimes to compensate casual employees while the Nigerian Government should enact appropriate legislation (National Minimum Wage Commission) to guaranty wage premiums to casual employees and empower the National Manpower Board monitor compliance toward a guaranteed living wage and positive pay satisfaction.



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**Appendix A:  
Logit Regression Results**

```
Iteration 0: log likelihood = -91.934884
Iteration 1: log likelihood = -22.943861
Iteration 2: log likelihood = -18.406327
Iteration 3: log likelihood = -16.324044
Iteration 4: log likelihood = -16.202066
Iteration 5: log likelihood = -16.200837
Iteration 6: log likelihood = -16.200837
```

```
Logistic regression                               Number of obs =          135
LR chi2(4) =                                     151.47
Prob > chi2 =                                    0.0000
Pseudo R2 =                                      0.8238
```

	rss	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
ci		-7020.242	2740.222	-2.56	0.010	-12390.98 -1649.505
age		.1986441	.1125897	1.76	0.078	-.0220276 .4193158
gender		-2.444101	1.276435	-1.91	0.056	-4.945867 .0576654
edus		.9478177	.6386131	1.48	0.138	-.303841 2.199476
_cons		5105.558	1990.849	2.56	0.010	1203.567 9007.55

Note: 0 failures and 7 successes completely determined.

. estat gof, group(10)

Logistic model for rss, goodness-of-fit test

(Table collapsed on quantiles of estimated probabilities)

```
number of observations =          135
number of groups =          10
Hosmer-Lemeshow chi2(8) =          1.13
Prob > chi2 =          0.9973
```