

THE OUTSOURCING POLICY IN THE NIGERIAN PUBLIC UNIVERSITIES: ISSUES AND CHALLENGES

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ABSTRACT

The practice of outsourcing is fast becoming part of the operational strategies of public universities in Nigeria. This practice derives from various policy reforms of the public institutions initiated by the Federal Government of Nigeria. The implementation of outsourcing policy in the public universities has thrown up a number of challenges and issues that the management of these institutions are grappling with. Thus, such challenges and issues border on staff disengagement, inability of the independent contractors to pay minimum wage, contracting out core academic functions such as teaching and research, the integration of the external service providers into the university culture and the failure to institutionalize effective and efficient regulatory mechanism.

KEYWORDS Outsourcing, Policy Reform, Public Universities, Independent Contractors, Economic Liberalization

INTRODUCTION

Public institutions in Nigeria have witnessed various forms of policy reforms in recent times due to inefficiencies that are inherent in the operations of this sector. Some of these reforms which were conceived in the 90s have been implemented while some are yet to be implemented. As part of its economic liberalization agenda, the government of Nigeria embarked on privatization and commercialization of public institutions aimed at improving the service delivery and overall

operational standards of these institutions. For those that could not be privatized or commercialized, the policy of outsourcing or using independent contractors was allowed to some level. This policy affected key sectors of the economy including the educational sector, especially at the tertiary level.

Today, most public universities in Nigeria are outsourcing some of its operations which hitherto were part of the traditional functions that

supported academic activities. It is obvious that global competitiveness is not limited to the private sector, but is also impacting public owned institutions and is becoming more pronounced in the universities given increasing competition between public and private universities. Due to competition and the need to improve the quality of service delivery in terms of scholarship and other ancillary services, the management of most public universities have outsourced some of its functions such as security, cleaning, transportation, hostel accommodation, clerical functions, canteen services, ICT etc. In some cases, it is an outright transfer of these services to external service provider, while in other cases it is a gradual transition depending on the level of resistance or acceptability of such policy reform.

Although this policy change have been justified on the basis of the benefits it delivers to public universities in terms of budget control, concentration on strategic educational planning, use of specialized personnel, risk sharing, internal resource availability etc., it is not without obvious challenges. Some of the challenges have come in form of resistance by the affected workers whose conditions of services have changed. There is also the threat by the host communities whose members are affected by the current outsourcing policy. In addition, the integration of these external service providers into the university culture and the failure to institutionalize effective and efficient regulatory mechanism pose a challenge to the management of some of these public universities.

THEORETICAL FRAMEWORK

Different theoretical models have tried to explain the reasons behind management's decisions to outsource some of the organization's functions. Rather than providing a holistic explanation to outsourcing decisions, these theories only contribute partly to the understanding of outsourcing decision. This creates confusion among the researchers of the outsourcing phenomenon. Various authors identified significant number of theories that could explain the outsourcing phenomenon (Gottschalk and Solli-Sæther, 2005;

McIvor, 2005). However, outsourcing decisions by the management of public universities in Nigeria can be best explained by the resource-based theory (Barney, 1991) of outsourcing.

Resource-based theory suggests that organizations should formulate internal strategy to gain competitive advantage from its internal resources (Barney, 1991). The core premise of the resource-based theory is that resources and capabilities can vary significantly across firms, and that those differences can be stable (Barney and Hesterly, 1996). The resource-based view in outsourcing builds from a proposition that an organization that lacks valuable, rare, inimitable and organized resources and capabilities shall seek for an external provider in order to overcome that weakness (Peruvonic and Pedersen, 2007). Resource-based theory helps to review attributes of the facility management services in a university and evaluates whether there is a gap in the performance of the services and the expectations and if there exists a gap, whether the resource should be outsourced to complement the internal resources.

Nigeria public universities are faced with the challenge of poor funding and inadequate resources. Thus, the universities management decision to outsource often derives from lack of adequate fund to provide all the services. Serious gap exists in the management of public universities in Nigeria in the performance of services. Such gaps can be found in hostel accommodations, canteen services, power supply, water supply, transport services etc.; thus the need for management of these institutions to outsource to complement the internal resources.

LITERATURE REVIEW

The term 'outsourcing' has been used variously in literature to describe the use of contractors, vendors, external service providers by organizations and institutions in carrying out some of their functions. Broadly speaking, outsourcing entails contracting with an outside vendor to provide a product or service to the firm, as opposed to producing the product using employees within the firm (Noe, Hollenbeck, Gerhert & Wright, 2003).

Outsourcing occurs anytime one enterprise makes a contract with another to perform a process that is normally done internally by the first enterprise (National Outsourcing Policy, 2007). In business, outsourcing is the contracting out of a business process to a third-party. Outsourcing sometimes involves transferring employees and assets from one firm to another, but not always. It may include both foreign and domestic contracting, and sometimes includes off-shoring or relocating a business function to another country (Perunovic and Pedersen, 2007). Ender and Mooney (1994) sees outsourcing as a form of privatization that refers to a university's decision to contract with an external organization to provide a traditional campus function or service.

Currently, there are evidences that the wave of outsourcing is affecting many universities all over the world. Wills (2014), observed that "in challenging economic circumstances, universities have often followed the dominant business model by subcontracting their low wage routine work to a variety of cleaning, catering and security firms. The argument is that this allows shedding unnecessary costs and responsibilities of employing many hundreds of workers." It was acknowledged that while outsourcing can save money, it has unintended negative impacts on university life. As universities relinquish control, it makes most prominent workers on campus less invested in the organization. "Not being part of the host community implies you are less important, that you are less valued" (Wills, 2014). It is also argued that those universities that have outsourced have no influence over their training, development, working conditions and emotional attachment to the universities' work.

Although outsourcing in public universities is a recent phenomenon in Nigeria, but it is not an unfamiliar phenomenon to some developed countries where outsourcing have been practiced in more than a decade ago. Goldstein, et al (1993) and Gilmer (1997) have carried out studies on outsourcing in higher education and found that outsourcing has traditionally been used to operate campus bookstores and dinning services. A study

carried by Peterson (1995) in the USA shows that outsourcing in higher education is vast. Also, a survey of colleges and universities in the USA by National Association of College University Business Officers (NABUCO) reveals that outsourcing of services increased significantly over a two-year period from 2000 to 2002 (UNICCO, 2002). The result of the survey reveals that 82 percent of the surveyed colleges and universities outsourced at least one service; that percentage increased to 91 percent in 2002. Sixty-five percent of the institutions in 2002 outsourced two to five services and almost one in seven outsourced more than five services.

Today, many public university managers in Nigeria see outsourcing as a way out of the financial limitation which still remains the universities' main challenge. Notwithstanding this challenge, the universities are expected to provide quality education to their clients (students) whose population has been growing rapidly. Given this scenario Sang (2010) noted "that it is because of this situation that some universities in their attempts to be frugal in expenditure have considered 'outsourcing' as an option in their effort to cut costs, improve efficiency and meet the demands for greater accountability." Jefferies (1996) observes that the growing use of outsourcing in higher education reflects a general acceptance by campus administrators that it will reduce costs while continuing to provide essential university services.

Although public universities' managers have justified outsourcing on the basis of cost reduction and concentration on core competency (teaching and research), but some authors are pessimistic because of the potential consequences of outsourcing traditional university functions. It has been observed that outsourcing traditional university services will widen inequalities within the university - inequalities between its different categories of staff - as well as creating an institution that produces 'good jobs' for some and 'bad jobs' for others, primarily those from the communities in which the university is located (Campaign For The Public University, 2013). Giroux (2002) also added: "from a purely financial perspective, it is a

no-brainer to outsource teaching, because it saves so much money... But the true costs to higher education – even if hard to quantify – are very high. To rely on contract labour in the classroom creates a cadre of interchangeable instructors with no sustained responsibility for their students, scholars with no attachment to the intellectual life of the institution through which they are passing.”

Furthermore, Kirp (2008) also concurred, “that too frequently, colleges and universities are contracting out their basic function: teaching.” He noted that the practice of hiring part-timers and adjunct instructors recruited on a fee-for-service basis to teach a single course or, at best, to teach full time for a few years, are academic equivalent of temp agency fill-ins or day labourers. The result is the sacrifice of loyalty in the name of short-term survival, a practice that saps the academic culture of the institution (Kirp, 2008). Buttressing this point, Kirp (2008) explained that the line between the core and the periphery in higher education is indeed blurry. Thus, “in the name of good business practice, institutions today run the risk of eviscerating the very things that make academic commons more than a marketplace, and in so doing privatize their soul” (Kirp, 2008).

METHODOLOGY

This was a qualitative study carried out in selected public universities in Nigeria. Both primary and secondary data were collected from these public universities in order to understand the unique experiences of each of these institutions in relation to the management’s outsourcing decisions. The primary data were collected through telephone interview which involved principal officers of these institutions. The principal officers include the deputy vice chancellors, Registrars, Deputy Registrars and the Bursars. Information generated covered various areas/functions that the institutions’ managements have completely or partly outsourced. Some of these functions include cleaning, security, landscaping, ICT, hostels services, porters etc.

DISCUSSIONS

The first phase of outsourcing policy in the public sector was introduced by the Federal Government of Nigeria who funds the public universities. The policy made it clear that all Grade 1 jobs in the Federal Public Service should be outsourced. The implication of this policy is the outsourcing of cleaning jobs, messenger jobs, farm labours, attendants, security jobs etc. Although these job categories are not as specialized as one would expect, but they have been deregulated as government is no longer willing to fund them directly. However, many of the institutions did not find it easy implementing this aspect of the policy. But the first function that many Public universities outsourced was catering services. This did not happen without challenges as students constantly complain of poor quality of the meals and poor service delivery. Again, almost all the public universities in Nigeria has for some years now been hiring adjunct academic staff on specific contractual terms. This practice in itself is outsourcing of specialized teaching jobs to those hired on fixed pay. University of Lagos and Michael Okpara University of Agriculture have contracted their cleaning services; university of Uyo contracted out the security services; University of Ilorin has contracted 30% of its security and porters’ services; university of Lagos contracted part of its security and hostel services.

The major challenge is that the regular workers are still in the employment of the universities with full pay. The regular workers are now redundant and idle but still earn their full pay in some of the public universities. Some universities, for example, Michael Okpara University which has desired to outsource its security functions expressed double feelings regarding the sociological implications of disengaging the existing staff that are predominantly from the host communities. These universities are mindful of the reaction this would elicit from their host communities who are their land donors. The security unit is adjudged to be highly inefficient, yet the institutions are afraid to outsource the services because it would likely pose a security threat in the environment in the long

run. On the one hand, if the universities choose to outsource the security function, they would be accused of abandoning their corporate social responsibility to the indigenes, who have sacrificed their land to the university. However, the universities would likely find it impossible to carry on effectively with huge financial burdens that could be reduced through outsourcing.

Most of the universities in Nigeria have outsourced their information and communication technology (ICT) services with a few yet to join the cue. The rationale behind this was that most of the universities lacked the internal competence in providing ICT services for their operations. However, the situation posed a security challenge as a totally outsourced ICT in the universities may affect grading and result computation. Thus, there is the tendency of compromising standards.

Furthermore, there is the issue on the right of outsourced employees in the public universities. Labour unions fear underemployment of outsourced employees and job losses irrespective of the laws in operation. It has been observed that none of the outsourced employees in these universities is earning up to the minimum wage of eighteen thousand naira (=N=18,000). Therefore, there is on-going agitation by trade unions against outsourcing as it has been argued that it is creating undue exploitation of workers and job losses.

CONCLUSION

Generally, there is a mixed feeling concerning the outsourcing policy in the public universities in Nigeria. The universities are cautious about a comprehensive implementation of the policy for various reasons including the communal agitations that would follow job losses affecting members of the host communities. The universities are yet to gain operational efficiency from the outsourced policy. Instead, the policy has turned out to consume more money in the university operational cost as some employees whose jobs are outsourced are still retained with full pay. It is not likely that the policy will lower unemployment as anticipated by the government because the vendors would rather prefer to use employees and pay remuneration that is not commensurate with what

obtains in the public services. Therefore, it is important that public universities should deliberately design their own internal outsourcing policy. This will enable them relate things their operations properly to their competences and resource-base in order to ensure profitability. They should exercise the freedom to adapt things to suit their local circumstances in the area to be outsourced. Thus, the issue of uniform outsourcing directives by the Federal Government should be reviewed. However, since outsourcing has gained in-depth root in international business the university workers and management should develop proper synergy to accommodate the practice.

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