

Payroll Outsourcing and Employee Commitment in the oil and Gas Sector in Rivers State, Nigeria

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Abstract: *This study investigated payroll outsourcing and employee commitment of the oil and gas sector in Rivers State, Nigeria. The study adopted a cross sectional survey research design. The population of the study was 15,299 and a sample size of 377 was determined using the Krejcie and Morgan Sample Size Determination Table. Primary data was collected through structured questionnaire. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation Coefficient with the aid of Statistical Package for Social Sciences version 20.0. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. Results of data analysis revealed that there is no association between payroll outsourcing and employee commitment of the oil and gas sector in Rivers State. Consequently, the study concluded that payroll outsourcing showed no significant associations with employee commitment of the oil and gas sector in Rivers State. The study recommends therefore that oil and gas companies should make some infractions into the current payroll outsourcing system as this will decrease employees' distrust and contribute positively to their level of attitudinal, calculative and value commitments respectively.*

Keywords: *Payroll Outsourcing, Employee Commitment, Attitudinal Commitment, Calculative Commitment, Value Commitment*

INTRODUCTION

Rapidly changing external environment led to the necessity for organizations to set up strategies that will enable them compete favourably in the market. Factors of production have over the years dwindled; in this way there is the need to strategize on how companies can achieve high returns on scarce resources. One of such ways to achieving this is through human resource outsourcing practices. Outsourcing human resource activities is described as the purchase from external vendors of a value-creating activity that either was or could have been done within a firm (Gilley & Rasheed, 2000). In the same perspective, Lievens and De Corte (2008) argue that outsourcing HR functions refers to the practice of turning all or part of an organization to an external provider or providers. Adler (2003) further defines HR outsourcing as the contracting out of parts or the whole of the functions of HR to external providers, instead of performing all

the HR functions in-house. According to Brown and Wilson (2005), outsourcing human resource activities is the practice of obtaining human resource services from external vendors or consultancy firms.

It is indicated that outsourcing human resource activities has over the last few years become a dominant force in many organizations. Many firms indeed outsource at least one human resource function (Smith, Vozikis & Varaksina, 2006). Some of the human resource functions often outsourced by organizations include recruitment, human resource information system (HRIS), training, benefit administration, compensation, relocation, and HR planning and development and payroll outsourcing (Lily, Gray & Virick, 2005; Delmotte & Sels, 2008). Human resource (HR) outsourcing is one of strategic tools employed in highly competitive market. By outsourcing some of their HR functions, organizations are better positioned to focus better on their scarce resources. To cap it all, information technology (IT) and human resources are the two business functions that are most commonly and widely outsourced.

Payroll can prove to be costly and complex which requires companies to assess payroll-related processes in order to decide on the most relevant strategy and keep this critical function under control. Payroll processing involves perhaps the most transactional, routine activity involving HR and is the most frequently outsourced HRM activity (Norman, 2016). Rapid change in internet technology and its availability has enabled complex processes such as payroll to be outsourced because the organization and the vendor are in touch. It was established that Payroll is one of the most vital activities for a company. An employee's salary is his single largest connect to an organization and a foundation of employee motivation. Payroll information is critical and highly sensitive. Any seasoned HR person knows that it can make or break an employee's relationship with his employer. Given this scenario, the time and effort needed to maintain payroll administration and data security, many corporations worldwide outsource payroll to specialists.

The purpose of this study is to investigate the relationship between payroll outsourcing and employee commitment in the oil and gas sector in Rivers State, Nigeria

This study was guided by the following

- i. To determine the extent to which payroll outsourcing influences attitudinal commitment in the oil and gas sector in Rivers State, Nigeria?
- ii. To determine the extent to which payroll outsourcing influences calculative commitment in the oil and gas sector in Rivers State, Nigeria?
- iii. To determine the extent to which payroll outsourcing influences value commitment in the oil and gas sector in Rivers State, Nigeria?



Fig.1 Conceptual framework for payroll outsourcing and employee commitment

Source: Desk Research (2021)

LITERATURE REVIEW

Theoretical Foundation

Agency Theory

Agency theory originated in 1970s but the concept behind it had existed from years ago. Dibbern *et al* identify Jensen and Meckling as key authors and refer specifically to an article written in 1976 titled “Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure.” Agency theory is concerned with the study of the problems that arise when one party, the principal delegates work to another party, agent (Eisenhardt, 2009; Lassar and Kerr 2006). Jensen and Meckling (2006) define an agency relationship as “a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent”. The mechanics of the relationship hinges on the assumption of utility maximization on the part of the individuals, if both the principal(s) and the agent seek to maximize their utility then it is proposed that the agent will act in a manner which does not suit the interests of the principal (Jensen and Meckling, 2006). Due to this divergence of interests, the principal must make an effort to provide incentives which will align the interests of the agent with that of the principal, in addition; monitoring is required in order to make sure that the agent is not acting deviantly. These efforts on the part of the principal are called agency costs and by understanding potential agency costs one can understand the actions of the individuals within a firm. The principal transfers decision rights to the agent. In order to ensure that the agent honours the terms of the contract the principal sets incentives. There are two major concerns in the agency relationship.

First, the principal and the agent may have conflicting goals and second the principal may not be able to ascertain what the agent did (Eisenhardt, 2009).

Agency theory helps expose problems of divergent interests within both markets and hierarchies. A basic assumption of this theory is that opportunism is an inherent characteristic of principal agent relation. According to Benoit et al (2008), there are three main manifestations of opportunism: Moral hazard, adverse selection and imperfect commitment. Moral hazard fell out from the fact that, it is impossible for a principal to observe the behaviour of the agent without incurring probative costs. Since the client cannot directly observe the level of effort deployed by its supplier, it cannot easily tell whether a problem is due to negligence on the part of its supplier or to an unforeseeable event. An example of agency theory in human resource outsourcing is the awarding of a contract where the organization awarding the contract is the principal while the contractor is the agent. Variables that influence the contract between the two is information systems, outcome uncertainty, goal conflict and relationship length (Eisenhardt, 2009).

Payroll Outsourcing

Payroll outsourcing is the delegation of series of accounting transactions involved in the process of paying employees for the services rendered after taking all the statutory and non-statutory deductions into account to an external provider or contractor, in conformance with the terms of employment, company policy and the law of the land i.e., payment of payroll taxes, insurance premiums, employee benefits and other deductions. An efficient payroll system facilitates an error-free, accurate and timely employee payment while ensuring that the employment is well within the valid work permit.

Payroll outsourcing is commonly outsourced for two reasons: it's a time-consuming administrative task for employers, and there are many specialist companies with the technology and knowledge to run it efficiently and compliantly. An increasing number of companies large and small, local and multinational and in all sectors are outsourcing payroll to an external specialist. Certainly the complex, administrative and non-core nature of payroll "naturally" lends itself to outsourcing. Payroll however remains a critical component in labour relations and one of the most reliable sources of information on human resources. The decision to outsource is therefore strategic. Payroll is perceived as a recurring company commodity, at best known as a succession of standardized tasks aimed at issuing pay slips on a regular basis in compliance with legal requirements. Outsourcing the payroll function means that the collection of payroll-related data is still kept in-house, but that the processing of that data is now the responsibility of a payroll supplier. The supplier's facility contains a set of payroll processing programs and a related database that contains the payroll records submitted by its many customers. The facility does routine payroll tax calculations on the submitted data and creates payroll checks or issues direct deposit payments back to the employees of its customers. In addition to these basic tasks, the facility calculates all taxes due to various government entities and submits the tax payments along with any required tax forms. Other services include the issuance of annual W-2 forms, quarterly wage reports, and the federal unemployment tax return (Bragg, 2005).

Shifting the payroll function to such a supplier is nearly automatic for smaller firms, which can thereby avoid an array of in-house payroll costs, as well as avoiding the risk of incurring tax penalties for making late or incorrect tax payments to various government entities. The decision to shift to a supplier is more difficult for large firms, who may find that the supplier's fees do not adequately offset the services rendered.

Companies rightly expect outsourcing to bring them greater cost control and to free up energy and resources to focus on more strategic activities. The more international amongst them will also aim for global human resource reporting, coupled with integrated business processes. By outsourcing payroll, companies are taking steps to improve their human resource performance, which is now measured at the highest level. As they strive for additional value, Human Resource departments are also discovering that outsourcing can be a means of optimizing other talent management functions such as training, performance, recruitment and many more. For a company to run steadily and implement ambitious human resource strategies, paying employees accurately and on time is a basic requirement. Achieving this is not simple in every country; payroll turns out to be a complex and costly activity. Assessing payroll related processes is significant efforts that can help companies decide on the most relevant strategy for keeping such a critical function under control (Bragg, 2005).

Behind the scenes, payroll is complex. A quick look at a payslip with its many and varied lines confirms this. And this is just the tip of the iceberg. The amount of data to be collected and processed before employees can get paid is impressive. Worldwide, payroll is about handling a wealth of information of all kinds. It turns out to be a multifaceted, fragmented, and very exacting activity. Payroll operations are made up of multiple sub-processes combined in a consistent value chain. From data collection to reporting, from checking and controls to declarations, fourteen different sub-processes can be identified, each requiring dedicated skills and expertise. This makes payroll processing a world apart and definitely a matter for experts within Human Resource departments. Payroll processing skills have a lot in common with those required for personnel administration. Since both are mainly administrative Human Resource activities, they are often performed by the same Human Resource experts within companies. Moreover, personnel administration is a key data source for payroll processing, as it handles employee fixed data (family status, bank details, etc.), variable data (absence, attendance, bonus, etc.), work contracts and social benefits (Bragg, 2005). As an essential part of their skills, payroll experts must understand and remain up to date on a wide variety of regulations that govern their activity such as national tax and labour laws, regional variations, industry-specific rules, company agreements.

Employee Commitment

Employee commitment (OC) is, in general terms, an employee's sense of attachment and loyalty to the work organization with which the employee is associated. It is defined in terms of an employee's attitudes and intentions (understood as the precursors of behaviour). Employees are said to be committed to the organization when their goals are congruent with those of the organization, when they are willing to exert effort on behalf of the organization, and when they desire to maintain their connection with the organization.

Employee commitment is when a member of a certain group identifies himself with the group and is willing to work intensely on its behalf. In these cases, an organizationally committed person takes a large part of his personal identity from the group and has positive associations with it. This is not the same as organizational identification or motivation, but is much broader than both. Commitment can be specifically seen as a broader concept of self-definition.

Generally defined as a psychological link between the employee and his/her organization, Organizational Commitment has been found to be related to major work outcomes, namely, turnover intention and actual turnover (Mathieu and Zajac, 2000). Indeed, employees who are strongly committed to their organization are less likely to leave. Moreover, the understanding of employee withdrawal has been enhanced by the emergence of multidimensional conceptualizations of commitment.

Generally, employee commitment could be defined as a psychological link between the employee and his/her organisation. Commitment is a person's belief in a cause and pursuing that course willingly, intentionally, voluntarily, actively, passionately and relentlessly. Genuine individual commitment to a cause cannot be enforced or imposed, it is volitional. It is usually the outcome of an individuals' decision-making process during which the particular cause is weighed against interest, desired outcome, perceived cost and/or benefit. Kanter (2008) succinctly describes commitment as "the willingness of social actors to give their energy and loyalty to social systems, the attachment of personality systems to social relations, which are seen as self-expressive". However, once this binding to a cause has occurred, it could be enhanced and sustained through extrinsic motivational strategies. It is also possible for commitment to wane especially if the initial basis for commitment is not sustained or improved upon according to a person's perception and understanding.

Cohen (2003), states that "commitment is a force that binds an individual to a course of action of relevance to one or more targets". This general description of commitment relates to the definition of employee commitment by Arnold (2005) namely that it is "the relative strength of an individual's identification with and involvement in an organisation". Miller (2003), also states that employee commitment is "a state in which an employee identifies with a particular organisation and its goals, and wishes to maintain membership in the organisation". Employee commitment is therefore, the degree in which an employee is willing to maintain membership due to interest and association with the organisation's goals and values. Pareek (2004), defines employee commitment as a person's feeling with regard to continuing his or her association with the organization, acceptance of the values and goals of the organization, and willingness to help the organization achieve such goals and values.

Measures of Employee Commitment

One of the most widely used theories in employee commitment is Allen and Meyer's (2007) three component model (Markovits, Boer and van Dick 2013; Garcia-Gabrera and Garcia-Soto 2012). It is the most widely accepted conceptualization of employee commitment (Herrbach

2006). It sees commitment as having three separable forms: attitudinal commitment, calculative commitment and value commitment.

Attitudinal Commitment

Attitudinal commitment is a phenomenon related to personality traits and job-related factors, and leads to the willingness of an employee to support organizational goals. Attitudinal commitment often encompasses an exchange relationship and is defined by three dimensions: positive affect for the organization, identification with the organization, and a willingness to exert effort on behalf of the organization (Jaussi, 2007). Loyalty to the organization is the state of attachment experienced by an organizational member as a feeling of allegiance and faithfulness (Fletcher, 2003).

According to the attitudinal approach, commitment develops as a result of some combination of work experiences, perceptions of the organization, and personal characteristics, which lead to positive feelings about an organization which in turn becomes commitment. Further explanation is offered under the guise of exchange theory in which persons with positive attitudes are pre-disposed to offer commitment in exchange for anticipated future rewards (Angle and Perry, 1983).

Attitudinal commitment describes the employees' allegiance to the organization. In this approach, the source of the commitment of the employees is their feelings towards the organization which is referred to as the individual's emotional attachment to and involvement and identification with the organization (Brown and Griffeth, 2007). In this type of commitment, to make a part of the organization gives pleasure and pride from emotional point of view. The organization represents much for its employees both materially and spiritually. Therefore, attitudinal commitment is accepted as a strong type of commitment.

Calculative Commitment

In this dimension, continuance commitment is approached from a calculative perspective in which individuals are viewed as remaining in an organization for extrinsic rewards and accumulated interests (Finegan, 2000). Calculative commitment, the second construct of employee commitment propounded by Penley and Gould (1988), is built upon the Becker's side-bet theory. According to this theory, when an individual works for several years in an organization, he tends to accumulate investments in the form of time, job effort and organization specific skills which are too costly to lose. Calculative is the result of an employee's perception that organizational membership will serve his self-interest and results in the continued participation of the individual in the organization (Griffeth and Hom, 2008).

Calculative involvement, defined as either a negative or a positive orientation of low intensity, is a commitment or attachment to an organization based on an employee receiving inducements from the organization. Calculative commitment is seen to be more of a "rational" response and is an instrumental evaluation of the relative utilities of staying or leaving (Alutto, Ebiniak, & Alonso, 2003). This is described by Etzioni, (2001) as analogous to inmates in a prison, people in

concentration camps, and enlisted men in basic training. These are situations in which individuals perceive a lack of control or the ability to change their environment. These people remain in the organization only because they feel they have no other options. Each dimension represents a possible description of an individual's attachment to an organization.

Calculative commitment can be regarded as an instrumental attachment to the organisation, where the individual's association with the organisation is based on an assessment of economic benefits gained (Beck and Wilson, 2010). Organisational members develop commitment to an organisation because of the positive extrinsic rewards obtained through the effort-bargain without identifying with the organisation's goals and values. Calculative commitment is a type of commitment in which the employees have financial dependence on the organization. In this type of commitment, it is the material/financial benefit that makes employees stay with the organization. Their personal benefit is the measure of the significance that organization has in their eyes. Therefore, the calculative commitment is not considered as a strong type of commitment. The employees do not make sacrifices for their organizations, except in case they are compelled to do so, and at the first opportunity (in case they find a better job with better financial opportunities) they quit the organization. Calculative commitment is commitment based on the costs that would occur if the person left the organization. Therefore, people having high calculative commitment stay in the organization because they need to. In other words, it would cost too much to leave. This would be the case, for example, if employee has used a lot of time and resources to learn something that can only be used in a particular company or at the time there are no similar or better employment opportunities available than the current position (Garcia-Gabrera and Garcia-Soto 2012).

Value Commitment

Value commitment is the third construct of organizational commitment. Value commitment demonstrates an obligation by an employee to continue employment with the organization. According to Allen and Meyer (2007), individuals with a high level of value commitment feel that they should continue providing their services to the firm. Robbins (2003) defined values as representing the basic conviction that a "specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence. Values contain judgmental elements in that they carry an individual's ideas about what is right, good or desirable."

O'Reilly and Chatman (2006) found that when there is congruence between company's values and employees' values, the latter tend to display a higher level of commitment. This type of commitment to the organization derives from the fact that the employees believe they must work in the organization due to conscientious and ethical reasons. The sources of the value commitment can be the following: The employees were treated with much favour by the organization's management, the employee has worked in the organization for a long time, the organization has been a life-saver for the employee in difficult times, or the services provided by the organization are considered as socially and spiritually important noble duties. Therefore, they consider themselves responsible before the organization in terms of value commitment. This

feeling makes their work for the organization meaningful. The more they are grateful to the organization, the more they feel pride for working for it. The employees with such commitment can do important sacrifices for their organization and generally do not consider leaving the organization.

Value commitment refers to person's feelings of obligation to stay with the organization. In other words, employees remain in the organization because they feel obligated towards the firm which has invested in them. According to Randal and Cote (2001), employees feel that when an organization has invested a lot of time and money in training and developing them, they have a moral obligation to continue to provide their services to the company. For example, when an organization has paid for the employees' education while they were continuing their studies to improve their qualifications, they feel obligated to reimburse the organization by continuing to provide their services.

Relationship between Payroll Outsourcing and Employee Commitment

The term Payroll outsourcing is a delegation of series of accounting transactions to a third party contractor involved in the process of paying employees for the services rendered after taking all the statutory and non-statutory deductions into account, in conformance with the terms of employment, company policy and the law of the land i.e., payment of payroll taxes, insurance premiums, employee benefits and other deductions. An efficient payroll system facilitates an error-free, accurate and timely employee payment while ensuring that the employment is well within the valid work permit.

A payroll is a company's list of its employees, but the term is commonly used to refer to the total amount of money that a company pays to its employees, a company's records of its employees' salaries and wages, bonuses, and withheld taxes, and the company's department that calculates funds and pays these. From a human resources viewpoint, employees are sensitive to payroll errors and irregularities, such as late paychecks. As such, maintaining good employee morale requires payroll to be paid timely and accurately. The primary mission of the payroll department is to ensure that all employees are paid accurately and timely with the correct withholdings and deductions, and that the withholdings and deductions are remitted in a timely manner. This includes salary payments, tax withholdings, and deductions from paycheck.

Bragg (2012) did a study on Payroll outsourcing. The study was carried out in Colorado United States of America. The study was meant to describe seven best practices related to various aspects of the payroll and benefits administration functions. The findings are that the first four services are available to all companies while the final three being cost-effective are only for large organizations.

Outsourcing the payroll function means that the collection of payroll-related data is still kept in-house, but that the processing of that data is now the responsibility of a payroll supplier. The supplier's facility contains a set of payroll processing programs and a related database that contains the payroll records submitted by its many customers. The facility does routine payroll tax calculations on the submitted data and creates payroll checks or issues direct deposit payments back to the employees of its customers. In addition to these basic tasks, the facility

calculates all taxes due to various government entities and submits the tax payments along with any required tax forms. Other services include the issuance of annual W-2 forms, (A form used to report gross pay and tax deductions for each employee to the IRS for a calendar year) quarterly wage reports, and the federal unemployment tax return. Shifting the payroll function to such a supplier is nearly automatic for smaller firms, which can thereby avoid an array of in-house payroll costs, as well as avoiding the risk of incurring tax penalties for making late or incorrect tax payments to various government entities. The decision to shift to a supplier is more difficult for large firms, who may find that the supplier's fees do not adequately offset the services rendered (Taylor and Bain, 2004).

An increasing number of companies large and small, local and multinational and in all sectors are outsourcing payroll to an external specialist. Certainly the complex, administrative and non-core nature of payroll "naturally" lends itself to outsourcing. Payroll however remains a critical component in labour relations and one of the most reliable sources of information on human resources. The decision to outsource is therefore strategic. Companies rightly expect outsourcing to bring them greater cost control and to free up energy and resources to focus on more strategic activities. By outsourcing payroll, companies are taking steps to improve their Human Resource performance, which is now measured at the highest level. As they strive for additional value, Human Resource departments are also discovering that outsourcing can be a means of optimizing other talent management functions such as training, performance, recruitment and many more.

Payroll is perceived as a recurring company commodity, at best known as a succession of standardized tasks aimed at issuing payslips on a regular basis in compliance with legal requirements. Behind the scenes, payroll is complex. A quick look at a payslip with its many and varied lines confirms this. And this is just the tip of the iceberg. The amount of data to be collected and processed before employees can get paid is impressive. Worldwide, payroll is about handling a wealth of information of all kinds. It turns out to be a multifaceted, fragmented, and very exacting activity (Sorensen and Weinkopf, 2009).

Moreover, personnel administration is a key data source for payroll processing, as it handles employee fixed data (family status, bank details, etc.), variable data (absence, attendance, bonus, etc.), work contracts and social benefits.

Based on this position, the following hypotheses are put forward:

H₀₁: There is no significant relationship between payroll outsourcing and attitudinal commitment in the oil and gas industry in South-South Nigeria.

H₀₂: There is no significant relationship between payroll outsourcing and calculative commitment in the oil and gas industry in South-South Nigeria.

H₀₃: There is no significant relationship between payroll outsourcing and value commitment in the oil and gas industry in South-South Nigeria.

METHODOLOGY

The study adopted a cross sectional survey research design. The population of the study was 15,299 and sample size of 377 was determined using the Krejcie and Morgan Sample Size Determination Table. Primary data was collected through structured questionnaire. The reliability of the instrument was achieved by the use of the Cronbach Alpha Coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation Coefficient with the aid of Statistical Package for Social Sciences version 20.0.

DATA ANALYSIS AND RESULTS

Bivariate Analysis

The level of significance 0.05 was adopted as a criterion for the probability of accepting the null hypothesis in ($p > 0.05$) or rejecting the null hypothesis in ($p < 0.05$).

Table 1: Payroll Outsourcing and Attitudinal Commitment

		payroll	Attitude
Payroll	Pearson Correlation	1	.283
	Sig. (2-tailed)		.213
	N	350	350
Attitude	Pearson Correlation	.283	1
	Sig. (2-tailed)	.213	
	N	350	350

Source: SPSS Output

H₀₁: There is no significant relationship between payroll outsourcing and attitudinal commitment in the oil and gas industry in South-South Nigeria.

The above table shows a positive relationship between payroll outsourcing and attitudinal commitment with (r) value of 0.283. This indicates that there is a 28.3% explanation of the relationship between both variables, while 71.7% are explained by other variables not considered in this relationship. However, this statement about a positive relationship between both understudied variables may not be true as the level of significance of 0.213 is greater than 0.05, therefore, the null hypothesis is accepted. This states that there is no significant relationship between payroll outsourcing and attitudinal commitment in the oil and gas industry in South-South Nigeria.

Table 2: Payroll Outsourcing and Calculative Commitment

		payroll	Calculative
Payroll	Pearson Correlation	1	.208
	Sig. (2-tailed)		.367
	N	350	350
Calculative	Pearson Correlation	.208	1
	Sig. (2-tailed)	.367	
	N	350	350

Source: SPSS Output

Ho₂: There is no significant relationship between payroll outsourcing and calculative commitment in the oil and gas industry in South-South Nigeria.

The above table shows a positive relationship between payroll outsourcing and calculative commitment with (r) value of 0.208. This indicates that there is a 20.8% explanation of the relationship between both variables, while 79.2% are explained by other variables not considered in this relationship. However, this statement about a positive relationship between both understudied variables may not be true as the level of significance of 0.367 is greater than 0.05, therefore, the null hypothesis is accepted. This states that there is no significant relationship between payroll outsourcing and calculative commitment in the oil and gas industry in South-South Nigeria.

Table 3: Payroll Outsourcing and Calculative Commitment

		payroll	Value Commitment
Payroll	Pearson Correlation	1	.218
	Sig. (2-tailed)		.377
	N	350	350
Value Commitment	Pearson Correlation	.218	1
	Sig. (2-tailed)	.377	
	N	350	350

Ho₃: There is no significant relationship between payroll outsourcing and value commitment in the oil and gas industry in Rivers State, Nigeria.

The above table shows a positive relationship between payroll outsourcing and value commitment with (r) value of 0.218. This indicates that there is a 21.8% explanation of the relationship between both variables, while 78.2% are explained by other variables not considered in this relationship. However, this statement about a positive relationship between both understudied variables may not be true as the level of significance of 0.377 is greater than 0.05,

therefore, the null hypothesis is accepted. This states that there is no significant relationship between payroll outsourcing and value commitment in the oil and gas industry in Rivers State, Nigeria.

DISCUSSION OF FINDINGS

Payroll Outsourcing and Attitudinal Commitment

There is no association between payroll outsourcing and attitudinal commitment in the oil and gas industry in Rivers State, Nigeria. Dean, Julian and Dereje, (2014), did a study on consequences of outsourcing Strategies on employee quality of work life, attitudes, and performance. The study was carried out in Eastern Illinois University Charleston, Illinois, United States of America. The consequences of implementing outsourcing strategies in an industrial setting were studied using a field study. This study was designed to explore both the financial as well as the human aspects of outsourcing activities. The attitudinal results of this research indicated that the outsourcing strategies had a negative impact on the perceived quality of work-life dimensions. The performance results presented here provide, at best, circumspect support for the claims of outsourcing proponents that the technique improves participants' performance and productivity.

Hanover Research (2010), did a study on payroll outsourcing in higher education. The study was carried out in Pennsylvania, United States of America. The study was carried out using a field study. This study was designed to explore the pros and cons of payroll outsourcing activities. The findings are that institutions should free internal staff to “focus on strategic activities that add more value, enables decentralized structures that support higher rates of innovation and flexibility”, removes the “bureaucratic burden” of a “centralized Human Resource administration”, allows Human Resource to take part in corporate downsizing and provides “access to new ideas and approaches outside the organization”. They also suggested that outsourcing may result in “poor service, costs higher than promised, contractors with insufficient knowledge about the client, and unanticipated resources required to manage the relationship.” All in all, the author concludes that the blend between pros and cons can weigh out differently depending on the unique challenges facing a particular organization. We concluded that;

- i. Payroll outsourcing has a negative influence on attitudinal commitment in the understudied oil and gas companies

Payroll Outsourcing and Calculative Commitment

There is no association between payroll outsourcing and calculative commitment in the oil and gas industry in Rivers State, Nigeria. Though there may not be any direct relationship between payroll outsourcing and calculative commitment, this relationship can be inferred. According to Woodall (2009) and Abdul-Halim (2009), Human Resource activities decision for outsourcing has many reasons like lowering the costs, accessing the Human Resource expertise, find employees and according to requirement and aim at managerial resources that are linked to strategic issues. Hanover Research (2010), did a study on payroll outsourcing in higher education. The study was carried out in Pennsylvania, United States of America. The study was

carried out using a field study. This study was designed to explore the pros and cons of payroll outsourcing activities. The findings are that institutions should free internal staff to “focus on strategic activities that add more value, enables decentralized structures that support higher rates of innovation and flexibility”, removes the “bureaucratic burden” of a “centralized Human Resource administration”, allows Human Resource to take part in corporate downsizing and provides “access to new ideas and approaches outside the organization”. They also suggested that outsourcing may result in “poor service, costs higher than promised, contractors with insufficient knowledge about the client, and unanticipated resources required to manage the relationship.

From the ongoing discussion, it could be inferred that payroll outsourcing creates an inward feeling of resentment in the workers which leads to a negative influence on calculative commitment.

Payroll Outsourcing and Value Commitment

There is no association between payroll outsourcing and value commitment in the oil and gas industry in Rivers State, Nigeria.

Dean, Julian and Dereje, (2014), did a study on consequences of outsourcing Strategies on employee quality of work life, attitudes, and performance. The study was carried out in Eastern Illinois University Charleston, Illinois, United States of America. The consequences of implementing outsourcing strategies in an industrial setting were studied using a field study. This study was designed to explore both the financial as well as the human aspects of outsourcing activities. The attitudinal results of this research indicated that the outsourcing strategies had a negative impact on the perceived quality of work-life dimensions. The performance results presented here provide, at best, circumspect support for the claims of outsourcing proponents that the technique improves participants' performance and productivity. Although outsourcing can lead to certain gains for the organization, there are definitely human costs to be taken into account, and they should be considered as major factors contributing to the outsourcing debate, not just the financial aspects of organizations' decisions. We can conclude that;

- i. Payroll outsourcing has a negative influence on value commitment.

CONCLUSION AND RECOMMENDATION

This study presented three conclusions depicting the research questions that were conceptualized and obtained from the main purpose of the study. Below are the various conclusions reached from the findings of the study:

- i. Payroll outsourcing in the oil and gas sector in Rivers State, Nigeria has no association with attitudinal commitment.
- ii. Payroll outsourcing has no association with calculative commitment in the oil and gas sector in Rivers State, Nigeria.
- iii. Payroll outsourcing has no association with value commitment in the oil and gas sector in Rivers State, Nigeria.

- i. The study recommends that oil and gas sector should outsource the payroll function with adequate consultations being done between the organization and the outsourced firms for the interest of employees.
- ii. Also, the study recommends that payroll outsourcing should be encouraged to an expert vendor with proven capabilities.

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