Employee Perceptions of Outsourcing in Nigerian Local Government: Evidence from Three Councils in Enugu State

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https://doi.org/10.56201/jpaswr.v11.no11.2026.pg33.41

Abstract
This study examines employees' perception of the introduction of outsourcing in the local government system of Enugu State, Nigeria. Its objective was to explore how employees view the use of outsourcing to perform some local government functions. A survey research design was adopted, covering three local government councils: Igbo-Eze North, Igbo-Eze South and Nsukka. The study population was 1,728 employees, from which a sample of 518 was drawn. Primary and secondary sources of data were used, and a Likert-type scale generated the primary data. Findings were analysed using descriptive statistics, namely mean scores and standard deviations. The results show that employees perceive the outsourcing of local government functions negatively (cluster mean = 4.3). The study recommends, first, that local governments withdraw from the use of outsourcing to perform their functions and, second, that local governments in Nigeria adopt McGregor's Theory Y in managing their human resources, recognising employees' potential by allowing them to perform their constitutionally assigned functions.

Keywords: *outsourcing, local government, employee, perception, outsourcee*

1. Introduction

Local government is the level of government closest to the people and the one that interacts most readily with them at community level. It is one of the agencies that drive the development of the state and federal governments. Although state and federal governments can initiate and execute development projects directly, local governments remain the rallying point for development pursuits at the grassroots. They play a vital role in fostering local development by providing the essential public services and public goods that citizens need for their well-being (Fajobi, 2010). As the third tier of government, local government authorities are responsible for planning and implementing development projects that contribute directly to the social and economic well-being of their communities (Osakede, Ijimakinwa and Adesanya, 2016). The rationale for establishing local governments in all economies is to promote rural development through the provision of essential goods and services, including potable water, the construction and maintenance of feeder roads, health care services and facilities, schools,

markets, motor parks and cemeteries. How effectively local governments deliver these services depends largely on the availability of financial resources and on how efficiently those resources are used. The local government budget serves as a financial planning tool, a means of control and a means of allocating resources. It sets out revenue sources, expenditure priorities and financial allocations for development projects over a given fiscal period (Ola and Tonwe, 2009), guiding resources towards pressing areas of need while ensuring that funds are used efficiently (Nnadozie, 2013).

Local government budgets rest on two main sources: internally generated revenue and the monthly allocation from the Federation Account. Specifically, the Fourth Schedule of the Constitution of the Federal Republic of Nigeria (1999) mandates local government councils to generate revenue from licences, fees, rates and lesser charges.

Since the local government system was established in Nigeria, councils have maintained revenue departments responsible for collecting all revenue accruing to them. These functions were performed by local government employees assigned to those departments. Over time, however, local governments began to relinquish these functions to outsiders under the name of outsourcing.

2. Statement of the Problem

The Fourth Schedule of the 1999 Constitution sets out the functions that local government councils are expected to perform. These include the collection of rates and of radio and television licences; the licensing of bicycles, trucks, canoes, wheelbarrows and carts; the establishment, maintenance and regulation of slaughterhouses, slaughter slabs, markets, motor parks and public conveniences; the construction and maintenance of roads, street lighting, drains and other public highways and open spaces; the naming of roads and streets and the numbering of houses; the provision and maintenance of sewage and refuse disposal; the registration of births, deaths and marriages; and the assessment of privately owned houses or tenements as the state House of Assembly may prescribe.

The schedule also covers the control and regulation of outdoor advertising and hoardings; the movement and keeping of pets; shops and kiosks; restaurants, bakeries and other places where food is sold to the public; laundries; and the licensing, regulation and control of the sale of liquor. Many of these functions have been privatised or outsourced without regard for the feelings of the employees who are supposed to perform them. Employees appear to distrust the ability of outsourcing to promote the smooth running of the local government system in Enugu State, Nigeria. This study therefore asks: what is the perception of employees regarding the introduction of outsourcing in the local government system in Enugu State, Nigeria?

3. Objective of the Study

The objective of this study was to explore employees' perception of the use of outsourcing to perform some functions in the local government system in Enugu State, Nigeria.

4. Conceptual Issues

4.1 Local government

Nigeria has three tiers of government, one of which is local government. Udenta and Udenta (2019) view local government as government established for local governance, to bring the people closer to government and to respond to their expectations and varied challenges. It is meant to mobilise people at the grassroots for active participation in their own industrial, social and economic development. Ma'azu et al. (2017) describe local government as the third tier of government in Nigeria, close to the people and providing a space for grooming future representatives in the political administration of the states and the federation. Lockard (1968) understands local government as a public organisation authorised to decide and administer a

limited range of public policies within a relatively small territory, which is a subdivision of a regional or national government.

Majekodunmi (2012) sees local government as a legal institution that allows the inhabitants of a defined geographical area to provide services of common interest. According to Orewa (1986), it is a system of local communities and towns organised to maintain law and order, to provide a limited range of social services, and to secure the co-operation of residents in joint efforts to improve their living conditions. It gives communities a formal organisational framework within which to conduct their affairs and regulates the conduct of their members for the public good. The United Nations Office for Public Administration (1971) defines local government as a political subdivision of a nation or, in a federal system, of a state, which is constituted by law and has substantial control over local affairs, including the power to impose taxes or to direct the performance of certain functions for prescribed purposes. Its governing body is elected or otherwise selected by the local people.

The structure and administration of local government in Nigeria took a new direction in 1976. The Guidelines for Local Government Reform (1976, p. 1) define local government as:

> *"Government at the local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the councils substantial control over local affairs as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal governments in their areas, and to ensure through active participation of the people and their traditional institutions that local initiative and responses to local needs and conditions are maximised."*

In recognition of these objectives, the Fourth Schedule of the 1979 Constitution set out in detail the functions that local governments are expected to perform. The 1999 Constitution consolidates the provisions of both the 1976 reform and the 1979 Constitution. Section 7(1) of the 1999 Constitution guarantees the system of local government by democratically elected local government councils and requires the government of every state to ensure their existence. These provisions are meant to secure the existence, autonomy and effective functioning of local government councils across Nigeria, while defining their financial and governance relationships with the state and federal governments.

4.2 Functions of local government in Nigeria

The Fourth Schedule of the 1999 Constitution sets out the main functions of local government councils in Nigeria as follows:

- consideration and making of recommendations to the state government on economic planning; collection of rates and of radio and television licences;
- establishment and maintenance of cemeteries or burial grounds and homes for the destitute and infirm;
- licensing of bicycles, trucks, canoes, wheelbarrows and carts;
- establishment, maintenance and regulation of slaughterhouses, slaughter slabs, markets, motor parks and public conveniences;
- construction and maintenance of roads, street lighting, drains and other public highways, parks, open spaces or such public utilities as the state House of Assembly may prescribe from time to time;
- naming of roads and streets and numbering of houses;
- provision and maintenance of public conveniences, sewage and refuse disposal, and registration of all births, deaths and marriages;
- assessment of privately owned houses or tenements as the state House of Assembly may

prescribe;

- control and regulation of outdoor advertising and hoardings, the movement and keeping of pets of all descriptions, shops and kiosks, restaurants, bakeries and other places where food is sold to the public, and laundries;
- licensing, regulation and control of the sale of liquor; and
- establishment of primary schools, adult education and vocational schools.

These functions can be grouped broadly into three categories: revenue functions, the delivery of goods and services, and control and regulatory functions. Local government workers, known as local government employees, are assigned to perform them.

4.3 Employees

Employees are people recruited into an organisation to perform tasks directed towards the achievement of its objectives. They are those, other than the owners, who put their efforts into realising the organisation's goals and are rewarded daily, weekly, fortnightly or monthly (Udu and Okafor, 2011). Udu and Okafor (2011) add that employees work under a contract of service and strongly influence organisational performance, since they are the people who keep the organisation moving or bring it to a halt.

Sinetar (1988, cited in Udu and Okafor, 2011) posited that when an organisation and its employees interact closely and share values and objectives, everyone benefits. Where they work towards different ends, or where misunderstanding pervades the organisation, everyone suffers. Sinetar concluded that it pays an organisation to take account of its employees' values and interests whenever it rolls out policies.

4.4 Outsourcing

Outsourcing is a relatively new concept in the operations of public sector organisations in Nigeria. It means contracting production and operations to external bodies that have expertise in specific areas (Weihrich, Cannice and Koontz, 2011). The aim is to minimise costs by saving on personnel benefits, to reduce staffing, or to free employees for more important tasks (Weihrich, Cannice and Koontz, 2011). Ndieze (2011) defined outsourcing as a human resource management strategy of contracting out some ancillary services of an organisation. In other words, outsourcing means letting people from outside the organisation perform defined functions on its behalf. Outsourcing is regarded as an important instrument for widening an organisation's horizons and maintaining its competitive position. It allows an organisation to concentrate on its core competencies and let outside agencies do what they do best (Wikipedia, accessed 15 December 2025). It also gives the organisation access to the best available sources of expertise, shares risk between the organisation and its outsourcees, frees capital for the major success factors, and covers functions that are difficult to manage or for which the organisation lacks capability. Some disadvantages have also been observed (Peter, 2009). Supplies may be delayed because of the distance of the supplier. It may be difficult to locate the outsourcee or agent when the need arises, and if the mode of performing a task changes, it is hard to reach the outsourcee to effect the change. Outsourcing also does not promote on-the-job training.

4.5 Employee perception

Employee perception is the kind of information obtained from an employee opinion survey. It is the aggregate of the views of a group of employees who are asked directly what they think about particular issues or events in their environment. Respondents are usually selected at random to avoid biased data (Mukhtar, Gambo and Joyce, 2023).

Perception embraces understanding and misunderstanding as well as discernment, and includes an element of volition and action. People choose to see things in certain ways, and the social and cultural determinants of those choices differ with time and place. Many beliefs are also the

product of social interaction, and the very act of voicing and discussing opinions promotes their development. Behaviour and practice are shaped not only by beliefs but also by reflexive processes of social interaction, through which behaviour is challenged, reinforced or modified by the views of others (Frewer and Salter, 2002).

Hogwood and Gunn (2004) gave several reasons why public perceptions of policy should be investigated. Doing so helps to determine public priorities for policy action (needs assessment), to assess views of the impact of current policy (policy evaluation), to assess views of different policy options (policy formation), to determine how effective information about a policy has been (public understanding), and to devise successful communication strategies (policy implementation). Investigating perception of a policy also helps to improve governance and to avert crises that the policy might generate.

5. Theoretical Framework

This study is anchored on McGregor's (1960) postulations about human nature, which he called Theory Y. Theory Y is optimistic, dynamic and flexible, and emphasises self-direction and the integration of individual needs with organisational demands (Weihrich, Cannice and Koontz, 2011). McGregor's assumptions under Theory Y are as follows:

- The expenditure of physical and mental effort in work is as natural as play or rest.
- External control and the threat of punishment are not the only means of producing effort towards organisational objectives. People will exercise self-direction and self-control in the service of objectives to which they are committed.
- Commitment to objectives is proportional to the rewards associated with achieving them.
- The average human being learns, under proper conditions, not only to accept responsibility but to seek it.
- The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in solving organisational problems is widely, not narrowly, distributed in the population.
- Under the conditions of modern industrial life, the intellectual potential of the average human being is only partially utilised.

Local governments in Nigeria should adopt this thinking. It implies regarding local government employees as people who want to work and contribute to the progress of their councils, rather than as people who need control, supervision and the threat of punishment before they will perform their constitutionally assigned functions. Likert (1952) similarly observed that employees respond better when certain conditions prevail: an adequate network of relations, high work involvement, a reward programme developed through participation, a generous flow of mutual confidence and trust, a widely distributed decision process, and wide responsibility for review and control. Believing in the potential of local government employees means restoring to them the functions set out in their conditions of service. Outsiders cannot perform local government functions better than employees who are seen every day and are readily accessible to the local government authorities. Involving employees in solving local government problems also strengthens their commitment to the job.

6. Methodology

A survey research design was adopted. The study was conducted in Enugu State, Nigeria, and three local government areas were purposively selected: Igbo-Eze North, Igbo-Eze South and Nsukka. The study population was 1,728 employees, made up of 611 in Igbo-Eze North, 502 in Igbo-Eze South and 615 in Nsukka.

The sample was set at 30% of the population, giving 518 respondents. This was allocated across the councils in proportion to their number of wards. Igbo-Eze North has 20 council wards, Igbo-Eze South has 10 and Nsukka has 20, a ratio of 2:1:2. The sample sizes were therefore 207 for Igbo-Eze North, 104 for Igbo-Eze South and 207 for Nsukka.

Both primary and secondary data were used. Primary data came from fieldwork, while secondary data came from books, journal articles, internet materials and government publications. A structured questionnaire and oral interviews were used to generate the primary data. Responses were measured on a five-point Likert-type scale: Strongly Agree (SA = 5), Agree (A = 4), Undecided (UD = 3), Disagree (D = 2) and Strongly Disagree (SD = 1). The data were analysed using descriptive statistics, namely mean scores and standard deviations. Mean scores above 3.0 were interpreted as agreement, scores below 3.0 as disagreement, and a score of exactly 3.0 as indecision.

7. Findings

Table 1 shows the distribution of respondents by educational qualification.

Table 1: Respondents by educational qualification

Qualification	Number of respondents	Percentage
BSc/BA	47	9
HND	322	62
OND	83	16
SSCE	66	13
Total	518	100

Source: Field survey.

Table 1 shows that 47 respondents (9%) hold a university degree, 322 (62%) hold a Higher National Diploma, 83 (16%) hold an Ordinary National Diploma and 66 (13%) hold a Senior School Certificate.

Table 2 shows the mean scores of respondents on their perception of the introduction of outsourcing in the local government system in Enugu State, Nigeria.

Table 2: Mean scores and standard deviations of employees' perception of outsourcing

S/N	Item	Mean	SD	Decision
1	Outsourcing makes us redundant.	4.72	1.01	Agree
2	The use of outsourcing does not promote on-the-job training.	4.48	0.75	Agree
3	Outsourcing negatively affects the revenue base of the local government.	4.00	1.09	Agree
4	Outsourcing weakens the relationship between management and employees.	3.82	1.10	Agree
5	Outsourcing decreases the provision of public goods and services at moderate cost.	3.98	1.38	Agree
6	Outsourcing demotivates employees.	4.92	2.39	Agree
7	Outsourcing prevents the local government from keeping proper statistics of its revenue sources.	3.67	1.50	Agree
	Cluster mean	4.30		Agree

Source: Field survey.

Table 2 shows that employees agree that outsourcing in the local government system in Enugu State makes them redundant (mean = 4.72) and that it does not promote on-the-job training (mean = 4.48). They also agree that it damages the revenue base of the local government (mean = 4.00), weakens the relationship between management and employees (mean = 3.82), and decreases the provision of public goods and services at moderate cost (mean = 3.98). Employees further agree that outsourcing demotivates them (mean = 4.92) and that it denies the local government proper statistics on its sources of revenue (mean = 3.67). Overall, employees perceived the outsourcing of local government functions negatively (cluster mean = 4.3).

8. Discussion

Outsourcing is one of the strategies through which local governments perform their functions. It was introduced without regard for the feelings and standing of the employees who were hired to perform the functions the 1999 Constitution assigns to local governments.

As a result, employees have been made redundant and left idle at their workplaces. This has led to the shutting of many local government offices because of employee absenteeism. Spending large sums on machines to monitor attendance cannot solve the problem. Recognising employees as the custodians of local government functions would do more to enhance the development of local governments and of their citizens.

The use of outsourcing to achieve the purposes for which local governments were created offers no avenue for on-the-job training. Such training is important to the performance of local government functions because it reduces the cost that would otherwise be spent on training employees. It also improves the skills that employees need to generate ideas, solve problems and perform better. Outsourcing also harms the revenue base of local governments, because respondents believe that the outsourcee may divert part of the revenue collected for private use. Even without such diversion, local governments still pay the outsourcee an agreed percentage of the revenue remitted. These sums would otherwise form part of the revenue generated by employees who are now excluded from revenue collection.

Outsourcing further weakens the relationship between management and employees. Management rarely holds meetings with employees and instead deals with outsourcees, whom it considers more reliable. Employees were recruited by the local government service commission to carry out the functions assigned to local governments, so their alienation raises the question of whether local governments have become private enterprises in which management shifts public functions to its associates. The findings also indicate that outsourcing decreases the provision of public goods and services at moderate cost. This is consistent with the fact that outsourcees run local government functions in a thoroughly commercial manner to maximise profit, with little regard for the burden on citizens whose interests the councils are meant to protect. Areas that attract excessive charges include user charges at motor parks, slaughterhouses and public conveniences, as well as street naming and billboards. Outsourcees also impose arbitrary charges on small and medium-sized enterprises. In addition, they are reported to issue parallel motorcycle emblems and to renew emblems two or more times a year instead of the normal annual cycle. The findings show too that outsourcing demotivates local government employees. Because the functions they are expected to perform are contracted to outside vendors, they feel abandoned and disrespected. Consequently, they regard local government work as “their work” rather than “our work”. Recognition is a significant approach to employee motivation because it builds a sense of belonging.

Finally, outsourcing does not enable local governments to maintain proper statistics on their revenue sources. Since employees are not involved in performing some local government functions, newly emerging sources of revenue cannot be identified by the council. This gives

outsourcees the opportunity to identify such sources and to keep the data outside the local government's information bank.

9. Implications

If outsourcing of local government functions continues to take root, local government offices may eventually be deserted, which would call into question the legitimacy of local governments in Nigeria. This could aggravate the country's security challenges, since local governments would no longer appear to be the government closest to the grassroots. As outsourcing gains ground, local governments will also grow poorer, particularly in the delivery of public goods and services, because their revenue base will continue to deteriorate. The best representation is being present oneself.

10. Conclusion

This study surveyed local government employees' perception of the introduction of outsourcing in the local government system of Enugu State, Nigeria. A recurring problem in Nigeria is the uncritical adoption of concepts: once a concept becomes popular, it is embraced without considering the context in which it was developed.

Outsourcing is a concept drawn from manufacturing organisations and has been introduced into the Nigerian local government system. Its adoption for the performance of local government functions is unnecessary, because local governments are not manufacturing concerns that need many components before a product reaches the market. The results show that local government employees do not regard outsourcing as a better way of performing the functions of local governments in Nigeria.

Beyond employees' negative perception, outsourcing also has adverse financial effects on the councils themselves. Before outsourcing was introduced, annual revenue went to personnel emoluments and capital expenditure. Today it goes to personnel emoluments, capital expenditure and the percentage collected by the outsourcee, which depletes the revenue base.

11. Recommendations

Based on the findings, the following recommendations are made:

- Local governments should withdraw from the use of outsourcing to perform their functions.
- Local governments in Nigeria should adopt McGregor's Theory Y in the management of their affairs. McGregor postulated that employees do not dislike work but seek to perform meaningful functions. Local government employees should therefore be allowed to play the roles they were employed to play.

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