

**DIRECT LABOUR SYSTEM OF PROJECT
EXECUTION IN NIGERIA**

(A CASE STUDY

OF

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BY

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A B S T R A C T

This paper reviews the activities of direct labour approach with particular reference to my place of work. That is, Osun State College of Technology, Esa-Oke.

It starts by highlighting the origin of direct labour which had been in light operation since the 1930's to 1960's but which was popularised and given a full legal backing by the Sheu Shagari Administration in the late 1970's/early 1980's when the escalating cost of the contracting system of project execution became a source of worry to them.

The need for carrying out direct labour work is analysed, and the merits and demerits which the direct labour practice has over contract system are also fully elucidated. This is followed by the practice of direct labour in my place of work which is Osun State College of Technology, Esa-Oke and the necessary areas of improvement for the direct labour practice are laid down.

Conclusion is then made by profering some useful suggestions towards improvement and better efficiency of the system.

1.0

I N T R O D U C T I O N

1.1 ORIGIN OF DIRECT LABOUR SYSTEM

It would be recalled that during the "Oil boom" era of the seventies, several sectors in the country witnessed rapid changes and the construction industry too was not an exemption as this witnessed an influx of emergency contractors as well as expatriate firms into the construction industry because this was seen as an opportunity to make easy money.

Owing to this attitude of the contractors, most of the construction works were of poor quality and were in most cases, completed behind the schedule time of completion or even abandoned after a large sum of money must have gone into it (1). This feeling of general dissatisfaction with the contract system of project award in the country then became a source of worry to the then government at the centre (Alhaji Sheu Shagari Civilian Administration) and in an effort to curb this ugly incidence, he instituted a ministerial committee on 3rd January, 1980 to look into the causes of excessively high cost of government contracts for works and services in the country.

The committee which used six and a half months to submit its report concluded, among other things that:

- (i) Government contract prices in Nigeria are on the high side when compared with what obtained in other countries at a comparative stage of development.
- (ii) The bulk of construction work in Nigeria is being executed by expatriate firms and that this oligopolistic structure of this foreign dominated industry might spell doom for the country in the nearest future.

The key items of the Committee's recommendation were therefore given as (1).

- (i) Crash projects should as much as possible be avoided.
- (ii) Consultancy units to be set up in Universities and relevant ministries.
- (iii) Establishment of cost monitoring units by the Government.
- (iv) Full utilization of local building materials.

Unfortunately enough, it was found that the prices of most of the government projects were still on the alarming increase and the award of contract was based on political loyalty and the likes.

This continuing abuse of contract system by contractors and government representatives in the country therefore led the Federal Government to opt for direct labour approach of contract execution. Some of the factors that dictate

whether direct labour should be employed or not are the nature of work, volume of work, response, time, location, quality, securities, availability of space, market conditions and cash flow. Infact, it has been stressed that direct labour forces are particularly advantageous during emergency repairs to large commercial or public buildings (5).

1.2 Methods of Project Execution in Nigeria

There are basically two major types of project execution in Nigeria and the decision to choose any one of the two types may be based on a number of criteria.

The two types are:

- (i) Contract System
- (ii) Direct Labour System.

The choice between direct labour and contracting systems will probably depend upon drawing a balance between cost and convenience to the users, taking into consideration the availability of directly labour and the work programming (3). However, some of the problems which are to be encountered by a contracting firm are:

- (i) Attracting and keeping the experienced employees for so long a period.
- (ii) Obtaining sufficient continuity of work to maintain that labour force.

1.3 Direct Labour

This can be defined as an arrangement whereby a client, that is, the building owner, organises the various operatives to execute the work under his supervision or he may perhaps delegated the day-to-day supervision to an independent supervisor (4).

Basically, there are two types of direct labour approaches depending on the type of client. These are the direct labour approach by a client who is an individual person and the direct labour by a client who is a partnership, corporate body or government.

Speaking in another form, the arrangement of direct labour can take various dimensions and two of them can be easily identified. They are as follows:

- (1) The client can be a local business man or a fairly rich person with access to working capital and desiring to develop a block of flat or an office complex. He can employ an architect to prepare the required drawings and all other consultants may be employed to produce their drawing but rather than inviting for tenders with a view to choosing one contractor to execute the projects, he may decide to employ daily paid construction workers to execute the jobs under the supervision of either the architect,

professional builder or other professionals in the construction industry. The workers are then laid off after the project is completed.

(2) The client can be a government ministry, a higher institution of higher learning, a local government/ government parastatals with a works department as representative of the client. In this situation, the personnel within the ministry or the aforementioned parastatals is directed to prepare all the necessary documents, procure necessary materials to execute the works and supervise them.

This discussion will however be limited to the direct labour approach by a client who is a government parastatals

1.4 Legal Aspect of Building Projects

Usually, a single construction project entails the formation of a series of contractual agreements between different individuals before the desired product is finally ready for occupation.

A building contract is no different from any other contract and to be legally binding upon the parties, it must conform with the requirements demanded by the law. These requirements are that there must have been an acceptance of an offer, which is supported by consideration and made by persons professing capacity to contract,

and any legal formalities must have been complied with, while the agreement in itself must be neither illegal or voidable on grounds of mistakes, misrepresentation, duress or undue influence.

The contract system of project execution basically involves entering into contractual agreement and this always has legal implication. On the other hand, the direct labour system does not need to have any contractual agreement and even if it does, it does not involve any legal implication because it is being arranged internally. That is, under the direct labour system, there is no need for any invitation to tender by the contractors.

2.0 MERITS AND DEMERITS OF DIRECT LABOUR APPROACH OVER CONTRACT SYSTEM

2.1 Merits of Direct Labour Approach

The following can be adduced as the reasons for favouring the practice of direct labour over contract system (4, 5):

- (i) It allows for full control of activities of operatives, permitting reasonable flexibility and direct quality control.
- (ii) It gives the operatives indepth knowledge of the buildings and becomes familiar with the user's requirements and any constraints on the execution of the work.

- (iii) It encourages the national technological growth in the public and private sectors.
- (iv) It discourages economic waste on non-capital projects to contractors.
- (v) It creates opportunities for self-commitment of the employees to their employer(s).
- (vi) It provides the maintenance manager the chance to operate incentives schemes to stimulate increase in productivity and efficiency of workers.
- (vii) It ensures good standard of workmanship by craftsmen who enjoy continuity of employment but requirement may be a problem.
- (viii) It is particularly ideal for execution of emergency repairs as the labour force is familiar with the location of switches, machines and other similar operational services as well as services that need particular or unusual skills for which employees can be trained.
- (ix) When the work involves a security risk, it is advantageous to have knowledge of the background of the operatives.
- (x) The delay incurred in inviting tenders or negotiating with contractors is eradicated and the procedures for initiating the execution of work are simplified.

- (xi) By employing operatives directly, it is possible to gain a first hand knowledge of the factors that influence output and thereby develop more effective cost control procedures linking planning and execution.
- (xii) Continuity of work within an overall plan is achieved.

2.2 Demerits of Direct Labour Approach

The demerits of direct labour system are highlighted below (3).

- (i) Direct labour practice denies most of the indigenous contractors from getting job. This will also have an adverse effect on the unskilled labour who depend heavily on the contractors for construction works.
- (ii) The direct labour approach is more expensive than the contract work because most of the personnels and the operatives involved in the direct labour practice normally see it as an opportunity to share in the "national cake".
- (iii) There is the initial problem of recruitment of labour force.
- (iv) Logistic problems in organizing and controlling the resources necessary to carry out the items of work.
- (v) At times, there is the shoddy attitude to work and the labour force operates at a snail speed since the

completion of the work at hand is a necessary but not a compulsory condition for the payment of their monthly salary.

3.0 DIRECT LABOUR PRACTICE IN MY PLACE OF WORK

3.1 Organisational Structure

Most of the direct labour works are vested in the hands of the Works and Services Department under the headship of a Director who is presently a Registered Civil Engineer. The Works Department is divided into two sections for smooth operation. They are Construction Works Section and the Maintenance Works Section. Each of these sections is headed by Principal Technical Officers who are HND holders in Building and Civil Engineering respectively. We also have a combination of skilled, semi-skilled labours in each of the sections in this regard. The organisational structure of this is as illustrated below:

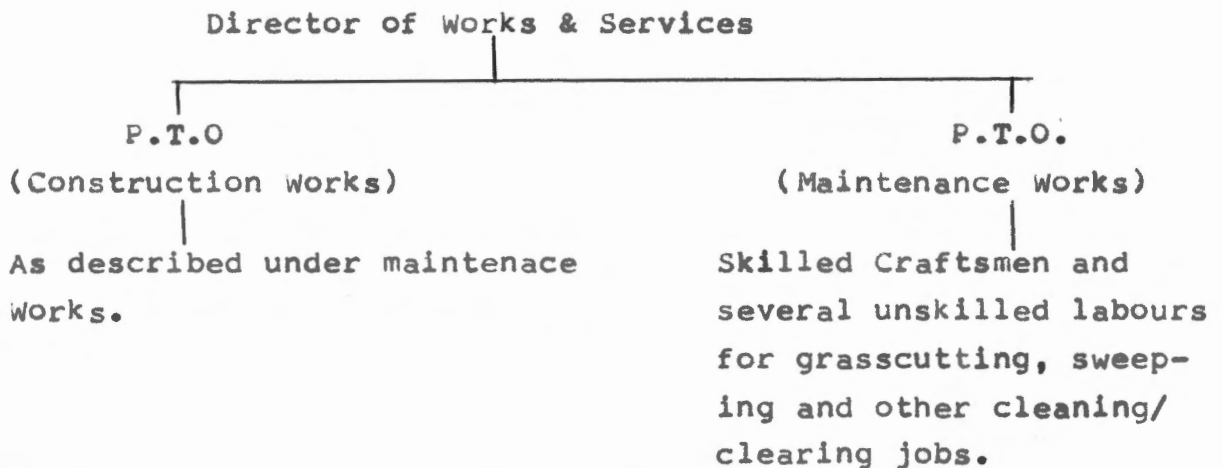


Fig.3.1: Organisation Structure of Works & Services Department

The effort of Works Department is always complemented by co-opting the professionals in the academic departments whose works have bearing with the construction industry. In most cases, the heads of such departments and another departmental staff are chosen as members of the project monitoring team. Some of the departments are Architecture, Building/Quantity Surveying, Land Surveying, Town and Regional Planning and Estate Management all belonging to the Faculty of Environmental Studies. Under Faculty of Technology are Civil Engineering Department, Electrical/Electronic Engineering Department and Mechanical Engineering Department.

Some of the principal officers in the administrative/academic departments are also co-opted as members of the project team. They are the Deputy Rector, Registrar, Bursar or his representative and the Auditor. The reason for co-opting these officers is to ensure curbing unnecessary diversification of money meant for the work and for overall proper accountability. As an illustration, after the project team members must have been selected, a request (written memo) has to be sent to the Bursar for any material to be procured. This normally takes several days or even weeks before the approval is granted and the voucher is raised because of some unnecessary bureaucracies.

The Auditor is coopted in the team so as to sight, either on-site or off-site, all items of materials that are purchased for the project. The unfortunate aspect of this is that there is always a form of disagreement between the Bursar and the Works Department on one hand and between the Auditor and works/person(s) procuring the materials on the other hand. A good example could be drawn during the early (foundation) stage of the construction of office buildings executed through direct labour practice. The Auditor approved the quoted prices for some of the items of materials to be purchased but this was later criticized and turned down by the Bursar owing to some glaring inconsistencies. The Auditor did not take things easy with the Bursar in this case and to worsen the whole matter, the user department (Banking & Finance) felt slighted and labelled the whole episode a "Sabotage". This took the intervention of the Chief Executive (Rector) before the matter could be resolved and it took about 1 1/2 months out of the project duration. Either the Deputy Rector or the Registrar is ^{normally} picked as the Chairman of the consultancy committee or where these two people are not involved, the Director of Works is normally chosen as the Chairman. The organisational structure of this shown below.

3.2 Projects Executed through Direct Labour System

Many projects had been executed with the practice of direct labour works. Some of them include the following:

- (i) A block of two classrooms ideal for the students. This was later nicknamed "Blue Block" owing to its painted colour or "J.J.C" owing to its newness in the number of classrooms we have on Campus. (Project cost - ₦1.8m).
- (ii) A block of 12Nos. office rooms for the academic staff of the institution. As at the time of writing this paper, it is still under construction requiring finishings such as louvres fixing, door fixing and painting works. (Estimated Project cost ₦2.2m).
- (iii) A small building housing the college's giant generating set. (Cost ₦250,000).
- (iv) Alteration works to the already existing Rector's Office building.
- (v) Creation of additional room, to space between the Registrar's Office and the Banking & Finance Office. This room now accommodates the Personal Assistant to the Registrar and a Clerk in the Registrar's Office (Cost ₦350,000)

3.3 Shortcomings of Direct Labour System in Relation to my Working Place

One major problem of this practice of project execution in my working place called "direct labour" is that it normally extends far beyond the handing-over date because this is always characterised by series of stoppages at almost every stage of work.

Secondly, there is this lack of trust among the members serving in the team as every member is always suspicious of one another when it comes to money handling or procurement of materials.

The Bursary people atimes feel reluctant to disburse money when the need arises and this is also one of the reasons for the long delay in project handing-over period.

Lastly, one finds out that the overall project cost under the direct labour approach is either equal to or higher than if the project would have been executed using contracting system.

4.0

AREAS FOR IMPROVEMENT OF DIRECT LABOUR

The following can be considered as areas of improvement for Direct Labour:

- (1) Direct Labour force will require the provision and administration of supporting facilities like stores, workshops, transport and services.

- (2) There must be a high standard of supervision and control to ensure economic programming, a good productivity and quality of work and experienced and efficient management to provide effective labour relations and communications (6).
- (3) There must be a perfect maintenance of yard stocks of all regularly used materials.
- (4) Workers are to be deployed temporarily to complement the efforts of those already on ground and to effectively cope with the workload.
- (5) There must be a form of incentives for all categories of workers that are engaged as this will make them to be more productive.

5.0 CONCLUSION AND RECOMMENDATION

In view of the aforementioned advantages to be derived using direct labour system, one will no doubt see the need for embracing this approach of project execution in the country but one needs to be extra curteous in its execution as this might spell down for the client.

However, in addition to what have been earlier said, for the system to take off effectively and be profit - oriented therefore, the following actions should be religiously observed.

- (i) The present staff need to be retrained and re-oriented into the practical aspects of construction.
- (ii) All costs must be duly recognised for all projects.
- (iii) Direct labour units should complete among themselves and with outside contractors.
- (iv) In the case of higher institutions of learnings, the professionals in the academic departments should be fully utilized and later compensated in the form of remunerations outside their monthly salary for a job well done.

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