Strategic Management of Industrial Conflicts in the Nigerian Oil and Gas Industry: Some Dynamic Perspectives

Onyemaechi Joseph Onwe, PhD
School of Management Sciences
National Open University of Nigeria
Lagos, Nigeria

Abstract

The paper observed the basic problems associated with the management of industrial conflicts in Nigeria in general and, in particular, the Nigerian oil and gas industry. The paper was aimed at researching into, and making recommendation on effective strategies for the management of industrial conflicts, collective bargaining, as well as handling of employee grievances, industrial action, and employee discipline, with special emphasis on the oil and gas industry. The methodology was purely descriptive and analytical, with major focus on effective and implementable strategies for the management of industrial conflicts. The relevant data were obtained from literature and statistics from the Federal Ministry of Labour and Productivity, as well as the Central Bank of Nigeria. Our analysis revealed that: (i) industrial conflicts began in Nigeria in 1912, with the emergence of trade unions; (ii) the economic costs of industrial conflicts in Nigeria outweighs their benefits; and, (iii) the degree to which collective bargaining principles are being applied in the resolution of conflicts appears questionable and discouraging in Nigeria. Based on these and other relevant observations the paper proposed relevant and practical strategies for the management of industrial conflicts and related issues in the Nigerian oil and gas industry.

Introduction

Industrial conflict appears to be a major problem hindering development in developing countries in general and, specifically in Nigeria. The oil and gas industry being the source of over 90 percent of foreign earnings in Nigeria has disappointingly been hard hit by labour disputes arising from industrial conflicts. Worst still, the procedures for conflict management in Nigeria, which draws from labour reforms, have been noted to be grossly characterized by preventive delays before and after mediation, conciliation, and arbitration. These characteristics no doubt imply untimely management of industrial conflicts.

It is on record that industries, and Nigeria at large have been battling with the management of industrial conflicts since the colonial era. The enormity of such conflicts has led to the enactment of the 1976 Trade Disputes Act, which was amended in both 1977 and 1990. The Act provides internal and external dispute settlement machineries including, voluntary and compulsory procedures. The Act requires that within seven days, the declared conflicts should be resolved through the application of internal machineries, the failure of which makes external machineries necessary. Such external machineries include mediation and conciliation groups, the industrial arbitration panel (IAP), and the national industrial court (NIC). Unfortunately however, Nigeria has not had significant solutions to industrial conflicts. According to some authors, the observed situation in the management of conflicts in Nigeria can be attributed to such factors as corruption, favouritism, and bias.

This presentation therefore, aims at suggesting alternative and globally acceptable strategies in the management of conflicts in Nigeria in general and specifically, the oil and gas industry. The rest of the presentation will examine: (i) the theoretical issues on conflict management; (ii) the structure of industrial conflicts in Nigeria; (iii) the global recommendations on negotiation and collective bargaining strategies; (iv) strategies for managing conflicts in the oil and gas industry; and, (v) strategies for handling grievances, industrial actions, and employee discipline in the oil and gas industry.

Theoretical Background

Conflict is generally viewed as on of the central principles of an organisation's life. However, the interpretations of its origin, nature and effects vary substantially. In particular, starting with 1980s, researchers often argued that conflict was being eliminated, given the industrial experiences of Japan. This view contrast with the earlier view that conflict was inevitable and even desirable: the issue was not the elimination or minimization of industrial conflict but its management. Authors such as Poole and Warner (1998) on this subject have focused on how such different perspectives conceptualise and analyse what seems to be the same phenomenon.

These authors use the term 'industrial conflict' in three main senses:

1. The use of overt sanctions, as when it is implied that conflict erupts when workers go on strike;
2. A continuing sense of discord, as when it is implied that there was conflict over the new minimum wage; and,
3. An underlying conflict of interest between workers and the management that needs to receive no overt expression.

A further complexity is that manifestations of conflict are not limited to strikes or trade disputes. Other means of expressing conflict include absenteeism, quitting and sabotage.

Five main theoretical approaches to the definition of the origin of industrial conflict have been advanced. The main features were discussed in terms of: unitary perspective; industrial relation pluralists; political exchange pluralists; radicalism; and, transaction cost economics. Poole and Warner (1998) summarised these features as presented in figure 1 below.

Figure 1: Perspectives on Industrial Conflict

	Unitary	**Industrial Relations Pluralists**	**Political Exchange Pluralists**	**Radicalism**	**Transaction Cost Economics**
Basis for Conflict	None	Division between organised interests		Exploitation	Gaps in labour contract
Reasons for Open Conflict	Mistakes, poor communication	Disputes of interest or right		Recognition of opposed interests	Opportunism
Form of Conflict	Occassional outburst	Collective bargaining	Political exchange	Any levels	Shirking
Focus of Analysis	Workplace	Bargaining contract	Political centre	All levels	Workplace
Means of Minimising Conflict	Communication	Better procedures	Strong corporatism	None	Monitoring
Unresolved Problems	Division between two sides	Shop-floor level, limits of institutions, role of state	Shop-floor level, tensions within corporatism	Limits to managerial power, cooperation	Politics of workplace, cooperation

Source: Poole and Warner, 1998: 756

Unitary perspectives, as analysed by Fox (1974), are so-called because they assumed a fundamental unity of interest among members of an organization, and thus believe that conflict does not exist. Where conflict arises, it can be explained as the outcome of mistakes or the presence of 'trouble makers'. Mistakes could arise from poor communication.

Pluralist theorists observe that workers and managers have divergent interests over the level of wages, for example. This divergence of interests often leads to the formation of trade unions. We note that pluralism has two main forms, including: ***industrial relations pluralists*** (Fox, 1974; Hyman, 1989), involving relationship between management and unions; and, political exchange pluralists who examine the effects of relations on conflict outside the enterprise.

Radicalism was the product of the late 1960s and early 1970s when worker militancy was at its height in capitalist countries. They believe that conflicts can be managed, and under certain circumstances, mutual trust can develop in the organisation.

The **transaction cost economics** perspective was advanced by Edwards (1992). This school argues that 'indeterminancy' is inevitable in any contract: it is almost impossible to specify in advance exactly all the conditions necessary for complete compliance with a contract. An attempt to monitor a contract compliance is costly. Such monitor can lead to trade disputes and the associated work stoppages.

Another interesting perspective or approach to industrial conflict, referred to as the ***theory of labour regulation***, agrees with the beliefs of radicals and economists that conflict is inherent in the organisation of work itself (Edwards, 1986). Conflicts in working environments occur because the work process is organised not by workers but by managers.

The current discussions on issues concerning industrial conflicts has been based on either or a combination of these perspectives or schools of thought. This presentation however, draws heavily from the economists point of view.

Robinson (1972) believes the existence of conflict in any organization. He identifies the dimensions of conflict as: (i) threats or disputes over a territory, whether the boundaries of the territory are physical, social or work boundaries; and, (ii) threats to values, goals, and policies, as well as threats to behaviour. Robinson (1972) also argues that not all conflicts are bad and not all cooperation is good, though people tend to view conflict as a negative force operating against successful achievement of group or organizational goals. Conflict can be harmful but may also serve some potentially positive functions, depending on the types of groups within and among which it occurs. Not every conflict benefits groups, and conflict may not serve the functions expected of it for all groups (Coser and Rosenberg, 1964).

The integrative and disintegrative effects of conflict have been summarised as follows. Conflicts may:

a) be harmful to individuals or groups
b) have positive results
c) help define and sharpen organizational issues to improve management decisions
d) help gain recognition for a group
e) increase bitterness, alienation, and divisiveness
f) increase unity, cohesion, and solidarity within a group
g) strengthen group boundaries
h) aid in the formation of a new group
i) weaken or destroy a group
j) increase tension within or between groups
k) result in restructuring a group
l) lead to alliances with other groups
m) disrupt normal channels of cooperation) become violent

(Robinson and Clifford, 1974; Coser, 1964)

As can be observed from the above summary, there are many positive aspects of conflicts. However, conflicts can be destructive in groups, especially when they consume individual members' energies. Conflicts can also interfere with group process and create interpersonal hostilities in such a way that group members may become unwilling or unable to work with one another.

In the following section, we summarise the structure of industrial conflict in Nigeria. The aim is to analyse the major consequences or implications industrial conflicts in the country.

The Structure of Industrial Conflicts in Nigeria

The genesis of industrial conflicts in Nigeria was formation of trade unions even before the advent of colonialism. The then artisan organizations, popularly known as the guild systems survived before the advent of colonialism, which opened doors to official recognition of trade unions. The ***first formal trade union***, the Southern Civil Service Union (SNCSU) was formed in 1912 at a meeting attended by 33 pioneer members that included weavers, hunters, potters, and blacksmiths (Tokunbo, 1985).

Tokunbo noted that the factors that were responsible for the emergence of trade unions were the colonial military expedition, the capture of Lagos in 1851 and the Benin exploration of 1889, as well as the establishment of Royal Niger Company in 1900.

These factors were the reason for the emergence of modern intensive economic activities in Nigeria, which in turn, led to the institutional foundation for the emergence of formal trade union in the country. The second formal trade union, the Nigerian Civil Service Union (NCSU) emerged in 1914 following the colonial amalgamation of Northern and Southern protectorates. In the early stages of the development of trade unions in Nigeria, it was observed that few industrial conflicts were recorded.

Industrial conflicts became serious issues in Nigeria since the beginning of the 1980s, following the experience of adverse consequences of the then "neoliberal reforms". Labour resisted government policies with the emergence of dictatorship by enthusiastically embarking on general strikes in the years: 1921, 1945, 1981, 1994, 2000, and 2004 (Damachi, 1985; Otobo, 2006). The Nigerian Labour Congress (NLC) also successfully organised four general strikes between 2000 and 2007 (Komolafe, 2007). The 2003 strike was the largest strike in Nigeria. The NLC declared the strike to redress the policy that adopted 54 percent increase in the prices of petroleum products in Nigeria. The available statistics on the nature of trade disputes and strike in Nigeria between 1970 and 2002 is presented in

Table 1. In table 2, we present the strike profile in Nigeria between 1951 and 2002.

Table 1: The Structure of Disputes and Strikes in Nigeria, 1970 – 2002

Year	Number of Trade Disputes	Work Stoppages	Workers Involved	Man-Days Lost
1970	165	44	14,784	27,072
1971	296	165	77,104	208,114
1972	196	64	52,748	145,125
1973	173	60	33,963	115,371
1974	338	129	62,565	144,881
1975	775	346	107,489	435,493
1976	230	125	52,242	148,141
1977	172	93	59,270	136,349
1978	142	78	105,525	875,137
1979	155	755	204,742	2,038855
1980	355	265	221,088	2,350,998
1981	258	234	323,700	2,218,223
1982	341	253	2,874,721	9,652,400
1983	184	131	629,177	404,822
1984	100	49	42,046	301,809
1985	77	40	19,907	118,693
1986	87	53	157,165	461,345
1987	65	38	57,097	142,506
1988	156	124	55,620	230,613
1989	144	80	157,342	579,968
1990	174	102	254,540	1,339,105
1991	204	117	460,471	2,257,382
1992	221	124	238,324	966,611
1993	160	90	880,224	6,192,167
1994	199	110	1,541,146	234,307,748
1995	196	26	193,944	2,269037
1996	29	24	19,826	94,664
1997	31	31	59,897	359,801
1998	16	11	9,494	47,631
1999	52	27	173,858	3,158,087
2000	49	47	544,722	8,287,733
2001	51	37	259,290	4,722,910
2002	50	42	320,006	5,505,322

Source: Federal Ministry of Employment, Labour and Productivity in Fajana (2006)

Table 2: Strike Profile in Nigeria, 1951 – 2002

Period	Average Frequency	Average Breadth	Duration
1951 – 1959	42.00	38,000.00	4.240
1960 – 1969	10.22	38,082.71	3.485
1970 – 1978	142.00	193,804.00	3.224
1979 – 1983	327.60	850,068.60	6.288
1984 – 1987	45.50	69,014.50	4.606
1988 – 1992	109.40	233,259.40	4.410
1993 – 2002	44.50	998,001.60	11.087

Source: Central Bank of Nigeria, 2002

The rest of the presentations are recommended strategies for negotiation and collective bargaining, managing conflicts, and handling grievances, industrial actions, and employee discipline.

Negotiation and Collective Bargaining Strategies

Bratton and Jeffrey (1999) defined collective bargaining as:

An institutional system of negotiation in which the making, interpretation and administration of rules, and the application of statutory controls affecting the employment relationship, are decided within union- Management negotiation committees.

Few important points can be identified from this definition. First, collective bargaining is a process through which representatives of the union and management jointly determine some of the employment rules. Second, there are two types of rules, substantive and procedural rules. Substantive rules establish terms and conditions of employment, pay, hours of work, and holidays. Procedural rules regulate the way in which substantive rules are made and interpreted, and indicate how conflicts are to be resolved. Third, the parties which negotiate the collective agreement also enforce the agreement.

The degree to which these collective bargaining rules are adhered to in Nigeria appears questionable. In Nigeria, state oppressive machineries and manipulation of the ministry of labour were noted to have become major obstacles against the organised labour participation in the management and resolution of industrial conflicts. The Nigerian model of conflict resolution involves the use of mediators, conciliators, and the industrial arbitration panel that are often resisted by the trade unions. It is therefore necessary to search for alternative approaches to conflict resolutions in Nigeria through collective bargaining principles.

Negotiation strategies would differ according to the nature legal rules establishing organizations. But what ever the case may be, we can adopt entrepreneurial bahaviours in our negotiations and collective bargaining strategies. In this respect, Udeh (1999) advanced the following.

For a successful negotiation, it is important that:

1. The objective of the negotiation is well defined and communicated to all parties to the negotiation;
2. You always negotiate with the right person of group;
3. You choose the right meeting place for the negotiation. Privacy is extremely important for a successful negotiation. Avoid unnecessary interruptions;
4. You pay attention to other party's line of argument, so that you can understand their position; and,
5. You avoid "winner takes all" type of negotiation as both sides must get something out of the deal.

In addition, for effective and result-oriented negotiation, refer to the following ***guidelines:***

a) Be an active listener. Listen for message content, listen for feelings, respond to feelings.
b) Give constructive feedbacks. Give feedback directly and with real feeling, make feedback specific rather than general, give feedback at a time the receiver appears ready to receive it, give feedback in small doses.
c) Avoid unethical behaviour in negotiation: desire to get more than the other from the negotiation; belief that there are insufficient resources to satisfy everyone's needs.
d) Generate many alternatives from the negotiation before deciding on what to do.

Note that the three major criteria of an effective negotiation include:

1. Quality – an agreement that is wise and satisfactory to all sides.
2. Efficiency – no more time consuming and costly than absolutely necessary.
3. Harmony – fosters rather than inhibits good interpersonal relations.

There are four common pitfalls to effective negotiation:

1. Falling prey to the myth of the “fixed pie”
2. Non-rational escalation of conflict
3. Over-confidence and ignorance of others’ needs
4. Too much “telling” and too little “hearing”

Strategies for Managing Conflicts in Oil and Gas Industry

The procedures for managing industrial conflicts in Nigeria in general have been noted to be grossly characterized by preventive delay, ‘before and after’ mediation, conciliation and arbitration. The view has been that these procedures need to be merged to reduce delay and ensure timely management of industrial conflicts.

The Nigerian government has, since its independence in 1960, been battling in the management of industrial conflicts, so is the oil and gas industry since the commercialisation of oil exploration especially in the 1970s, the decade of oil boom in Nigeria. The enormity of industrial conflicts has led to the enactment of the 1976 Trade Disputes Act, which was amended in 1977 and 1990. The Act made provisions for internal and external dispute settlement machineries, including voluntary and compulsory procedures. The Act required that within seven days, observed conflicts should be resolved through the application of internal mechanisms, the failure of which makes external machineries necessary. The external machineries included mediation, conciliation, and the industrial arbitration panels, supported by the national industrial court (NIC). Mediation was defined as a process reliant on a neutral third party (the mediator) to identify the issues in conflict or in dispute, develop options for the resolution, consider the alternative options, and facilitate agreement (National Alternative Dispute Resolution Advisory Council, Nadrac, 1977). Parties to conflicts were also empowered to appoint a mediator, who was expected to be neutral in facilitating amicable management of conflicts within seven days or report the failure of mediation to the labour Minister, who was empowered to appoint a conciliator or constitute the industrial arbitration panel (AIP) within fourteen days. The key attributes of a mediator are neutrality and impartiality in a mediation process. Cooks and Hale (1994) referred to neutrality as the ability to refrain from favouritism, and bias, and impartiality as ensuring fairness of the mediation process.

It can be said that corrupt practices in Nigeria has rendered the conflict management prescriptions of the 1976 Trade Dispute Act. The administration of this Act has been charaterised by gross inadequacies arising from non-neutrality, favouritism, bias , and impartiality in the mediation processes. By implication, Nigeria and the oil and gas industry alike, need alternative conflict management strategies. We therefore outline some suggested strategies for conflict management in the oil and gas industry as follows:

1. Recognition, and acknowledgement of existence of the conflict
2. Analysis of the existing conflict situation:

(i) Know exactly what the conflict is all about. Does it involve values, goals, motivation, territory, or combination of these?
(ii) Analyse the behaviour of the parties involved (the trade union and management).
(iii) Determine if an effective conflict approach is being used by the concerned party.
(iv) Research into how similar conflicts have been resolved globally.

3. Facilitate communication:

(i) Enhance communication. Open the lines for free discussion and make sure all members of the party are involved.
(ii) Encourage accurate communication and feedback, as effective negotiation depends on good communication.
(iii) Listen and raise questions.
(iv) Allow free expression. Constructive disagreement should not be suppressed.
(v) Supply information and facts.
(vi) Avoid being emotional.
(vii) Concentrate on main issues, not people.

4. Negotiate

(i) In a good negotiation every member wins something.
(ii) Search for and discover common interests or "points of common agreement." The importance of discovering common interests has been stressed by Nierenberg (1968).

5. Make necessary adjustment, Reinforce, Confirm

It is important to note that, individuals or groups do not, sometimes feel it is to their collective advantage to resolve a conflict. Conflict resolution involves compromise or capitulation. If a party is unwilling to compromise, then the conflict is likely to continue.

Strategies for Handling Grievances, Industrial Action, and Employee Discipline

The above issue has been referred to in our discussions on negotiations and conflict management strategies, however, we will throw more light by outlining the specifics in the following discussions. We provide a broad guideline for managers and supervisors in the Nigerian oil and gas industry for handling grievances and disciplinary actions under given collective bargaining agreements. Note that effective grievance management can only be accomplished through additional experience and by applying the concepts outlined here.
Grievances that are often accompanied by industrial actions require the following supervisory and management responsibilities:

1. Treat every grievance as though it were to wind up in arbitration, but avoid being adversarial in your approach.

(ii) Allow employees and/or unions a full opportunity to present their points of view. Listen, do not interrupt.
(iii) Ensure that time limits and other procedural requirements under the grievance procedure have been observed.
(iv) Know the background of the grievance, and know the existence of prior similar cases and their outcomes. Know the applicable provisions of the agreement and any information relating to past policies and practices.
(v) Ensure that the employee and/or union has presented the full story, specified the exact nature of the alleged course of grievance, and stated the precise remedy being sought.
(vi) Make a detailed and accurate record of the results of all investigations. Such record should include:
(a) Any pertinent payroll documents
(b) Work, personnel, or disciplinary records
(c) A summary of the employee's and/or the unions and management positions
(d) Names and statements of witnesses
(e) The nature of any evidence presented by either side of the parties

It is also important to find out ***who, what, when, where,*** and ***why***. Ask questions and ensure that you have all the facts.

Conclusion

This presentation has examined the basic issues in the management of industrial conflicts in general and, specifically in the Nigerian oil and gas industry. Nigeria has, since the colonial era been battling with the management of industrial conflicts with little or no positive results. We also observed that manifestations of conflicts in general are not limited to strikes and trade disputes. Other social, political and economic issues are involved.

Five main theoretical approaches to definition of the origin of industrial conflicts were put in place, including: unitary approach; industrial relations pluralists approach; political exchange pluralists approach; radicalisms approach; and, transaction cost economics approach. The integrative and disintegrative effects of industrial conflicts were also discussed at length.

The structure of industrial conflicts in Nigeria indicates that:

1. Industrial conflicts began with the emergence of trade unionism in 1912.
2. Industrial conflicts have resulted in strikes, work stoppages, and loss of man-days among other negative effects.
3. The degree to which global collective bargaining rules are being adhered to in Nigeria appears questionable and discouraging, needing some serious emphasis.

The presentation outlined:

(a) Strategies for negotiation and collective bargaining;
(b) Strategies for managing conflicts in the oil and gas industry; and,
(c) Strategies for handling grievances, industrial action, and employee discipline.

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