

INDUSTRIAL ARBITRATION PATTERNS AND ORGANIZATIONAL HARMONY OF OIL AND GAS INDUSTRY IN PORT HARCOURT

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ABSTRACT

The purpose of the study was to determine the relationship between industrial arbitration patterns and organizational harmony of Oil and Gas Industry in Port Harcourt. The study variables were reviewed and the study was anchored on The Equity Theory was propounded by Adam Smith in 1963. The study concluded that industrial arbitration patterns enhance industrial harmony of Oil and Gas firms in Rivers State. Perpetual improvements and adequate resolution of industrial conflict through the adoption of domestic, international and ad-hoc arbitration patterns bring about corresponding improvements in attaining a harmonious industry. Oil and Gas Firms who neglects the adoption of arbitration as a conflict resolution pattern, will experience epileptic performance as there may be absence of industrial peace and coexistence. The study recommended that Management of Oil and Gas firms should ensure right union representation while adopting a domestic arbitration pattern for healthy relationship among workers of the organization at all level. Management of Oil and Gas firms should ensure free arbitral proceedings that is characterized with absence of lobby.

Keywords: Industrial Arbitration, Domestic Institutional Arbitration, Organisational Harmony, Organisational Culture

INTRODUCTION

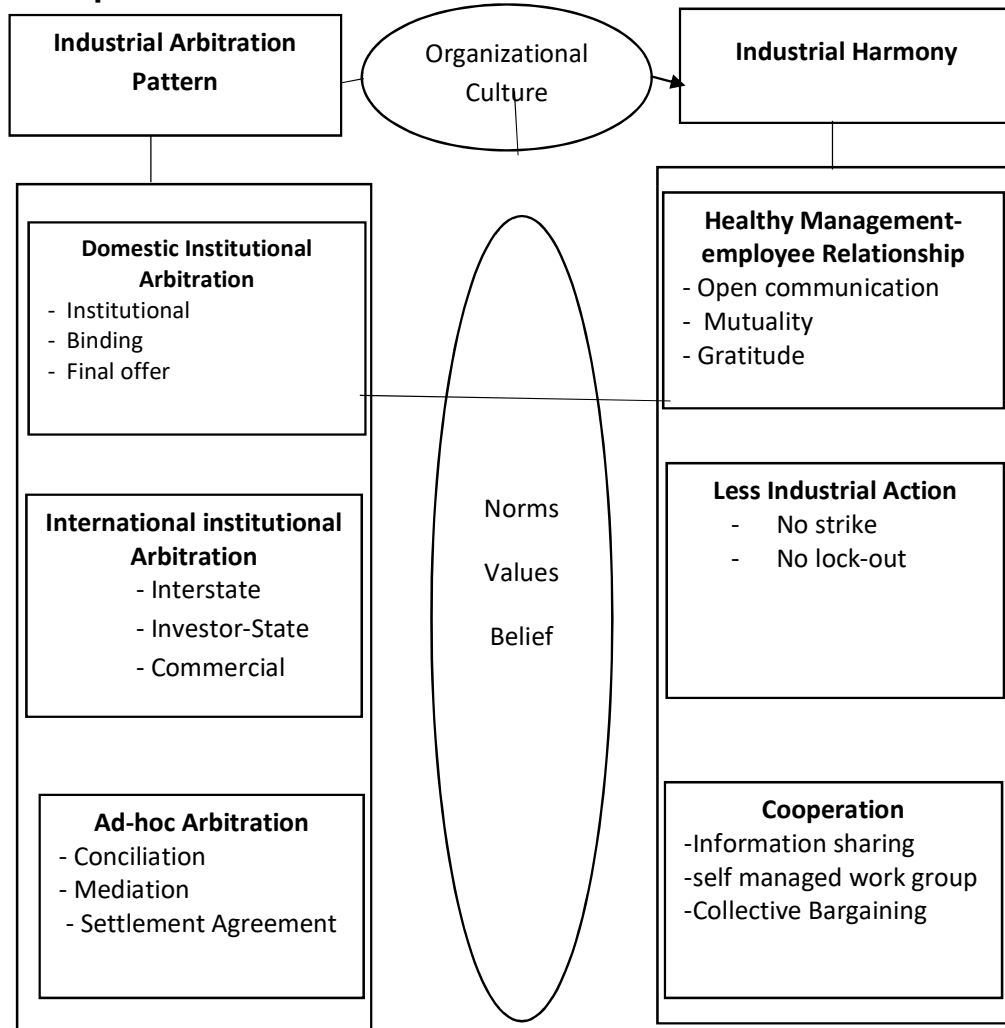
The disharmonious workplace saturating the Oil and Gas sector in particular is further revealed by the sentiment and acrimony between employee's expectation and work environment provided by management (Agabe, 2019; Onyeizugbe, *et al*, 2018; Osad & Osas 2013). Harmonious workplace is what management of every industry clamor for, it seems they find it difficult attaining it. This is because there are still cases of lack of cooperation among employees of different level and frequent industrial actions such as strike, lockout, picketing, work-to-rule etc., this points to the fact that there is unresolved grievance and disharmony in the industrial system.

It equally seems also that the grim threats to the efficient conduct of modern industrial system seems to be the ravaging labour unrest, characterized by embittered relationships between the employer and their employees. The grief between the employer and their employees has widened more than ever. The distributional disparities have worsened, the discontent and frustration at the lower ends of the echelons have heightened, due to these draw backs, things need to be put in their proper settings (Manta & Harges, 2013; Wael, 2015; Velmurugan, 2016). However, these attributes of industrial unrest may result to poor industrial reputation, performance, competitiveness and productivity as well as turnover in Oil and Gas Firms. To this end, there is need to ask the patterns of industrial arbitration adopted by these Oil and Gas Firms in resolving disputes. We do not know the level at which Oil and Gas Industry in Port Harcourt utilizes domestic institutional arbitration, international institutional arbitration and ad-hoc arbitration patterns among others to resolve their industrial disputes, his study seeks to find out.

Another issue that necessitated this study was dearth of empirical on industrial arbitration patterns and industrial harmony. Although, scholars have investigated industrial arbitration patterns and their effect on organizational/industrial outcome. For example, Philip-Brown and Tamunomiebi (2023) examined arbitral dispute resolution and industrial harmony of Multinational Oil and Gas Companies in Rivers State; Nwuche and Amah (2016) investigated the relationship between arbitration as a dispute resolution styles and industrial harmony in Nigerian manufacturing firms; Abioro (2019)

examined conflict management strategies as a tool for industrial harmony in Ogun State; Masinde (2014) studied the effect of arbitration strategy on employee performance in the Kenyan Public Universities; Olukayode (2015) studied impact of workplace conflict management on organizational performance, being a case of Nigerian Manufacturing Firm. Nevertheless, none of the above studies was able to investigate the relationship between industrial arbitration patterns and industrial harmony of Oil and Gas Industry specifically in Port Harcourt. None equally uses the same dimensions and measures as presented in the conceptual framework below. Therefore, there is need to close this gap.

Conceptual Framework



Aim and Objectives of the Study

The purpose of the study was to determine the relationship between industrial arbitration patterns and organizational harmony of Oil and Gas Industry in Port Harcourt. The objectives of the study included the following:

1. To determine the relationship between domestic institutional arbitration and healthy management-employee relationship of Oil and Gas Industry in Port Harcourt.
2. To determine the relationship between domestic institutional arbitration and less industrial action of Oil and Gas industry in Port Harcourt.
3. To determine the relationship between domestic institutional arbitration and cooperation of Oil and Gas industry in Port Harcourt.

4. To determine the relationship between international institutional arbitration and healthy management-employee relationship of Oil and Gas Industry in Port Harcourt.
5. To determine the relationship between international institutional arbitration and less industrial action of Oil and Gas Industry in Port Harcourt.
6. To determine the relationship between international institutional arbitration and cooperation of Oil and Gas Industry in Port Harcourt.
7. To determine the relationship between ad-hoc arbitration and healthy management-employee relationship of Oil and Gas industry in Port Harcourt.
8. To determine the relationship between ad-hoc arbitration and less industrial action of Oil and Gas in Port Harcourt.
9. To determine the relationship between ad-hoc arbitration and cooperation of Oil and Gas Industry in Port Harcourt.
10. To determine how organizational culture can influence the relationship between industrial arbitration pattern and industrial harmony of Oil and Gas industry in Port Harcourt

Concept of Industrial Arbitration Patterns

Philip-Brown and Tamunomiebi (2023) assert that arbitration is an alternative mechanism for resolving disputes. Important reasons why organizations often select arbitration before appearing in regular state courts are speed, efficiency, party autonomy, and the ultimate nature of arbitration decisions. Industrial arbitration is a process of resolving industrial disputes between employers and employees through arbitration panels. Industrial arbitration panels resolve disputes through arbitration, mediation and conciliation, and promote industrial harmony at workplace. Industrial arbitration is a type of [arbitration](#) to prevent or settle labor disputes that may arise between an industrial employer and a [union](#), union member, or union representative to prevent legal action taking place and finding less costly ways to settle disputes. Taking an issue to court or a breakdown of negotiations can be dangerous for both management and labor, and as such parties are often willing to negotiate and plead their cases with a third-party arbiter to come to fair decisions. Industrial arbitration refers to this process taking place in which labor and management will sit down and solve a dispute. This process often benefits the employer because it reduces the chances of a strike or legal action, and benefits the employee because it allows them more bargaining power and prevents mass layoffs in a dispute. However, at times the government has been known to step in regardless of arbitration clauses and force its own remedies.

Arbitration is widely used across virtually all sectors of the Nigerian disputes landscape in relation to general commercial contracts. However, arbitration appears to be the most popular choice in the energy, construction and maritime sectors. Abimbola, *et al.* (2023) stated that in January 2017, an independent London tribunal found that Nigeria was liable for USD6.6 billion in damages against Process and Industrial Development (P&ID) after it allegedly failed to deliver on terms agreed in a 2010 gas facility contract. By 2020, the award-sum had risen to USD9.6 billion because of accrued interest. Although Nigeria managed to obtain an unprecedented extension of time to challenge the P&ID award in September 2020, the Attorney General of Nigeria felt it necessary to inaugurate a National Arbitration Policy (NAP) Committee, whose task is to develop a transformational policy framework for addressing issues arising from arbitration processes and agreements in or concerning Nigeria (Abimbola, *et al.*, 2023).

For this reason, the International Economic Chambers are the initiators of international economic arbitration, so IEC procedures are often used, today for international arbitration. Arbitration proceedings can be conducted in this way because they are considered useful to the purpose, provided that the parties are treated equally and given the opportunity to be heard. The arbitration procedure begins on the date when the claim is accepted by the defense (defendant) unless the parties agree otherwise (Adhiambo & Simatwa, 2015). So, the arbitration procedure regarding a certain dispute begins on the day when the request for the dispute to be submitted to the arbitration for settlement is accepted by the respondent.

Concept of Organizational Harmony

A harmonious workplace is what every industry (Oil and Gas) seeks. Vince (2018) averred that maintaining workplace harmony is a key focus of every organization. This is because conflict in the workplace can lead to behavior such as lack of employee's punctuality, low quality delivery and discrimination. Thus, industrial harmony refers to a state in an industry where there is relative sustainable peace between management and workers on matters relating to their terms of agreements. It could be equally seen as a friendly and cooperative agreement on working relationships between employers and employees for their mutual benefit. Laden, (2012) assert that industrial harmony is chiefly concerned with the tranquility that exist in the workplace with respect to the terms and conditions of employment and the workplace at large. In effect, it is a situation where employees and management cooperate willingly in pursuit of the organization's aims and objectives with love and unity. It deals with the enhancement of cooperation and interpersonal relations devoid of conflict in an organizational setting.

Osad and Osas (2013) posited that organizational harmony is a friendly and cooperative agreement on working relationships between management and workers for their mutual benefit. industrial harmony in its ideal form, presupposes an industry in a condition of relative equilibrium where relationship between individuals and or groups are cordial and productive. The enhancement of industrial harmony in an organizational (Oil and Gas Firms) setting requires that: All management personnel understand their responsibilities and what is required of them, and have the training and authority necessary to discharge such duties and responsibilities efficiently. Duties and responsibilities for each group of employees are stated with clarity and simplicity in the organizational structure, this will enable individual employees or work-groups to know their objectives and regularly keep informed of progress made towards achieving those objectives (Agabe, 2019).

Operationally, industrial harmony depicts organizational peace stability which is characterized by healthy management-employee relationship, cooperation and less industrial action in order to achieve their desired goals. Industrial harmony equally represents absence of strike by industrial unions in organization which is bound to result in effective and efficient organization. This could be advantageous to maintain organizational harmony and stability because there will be an effective link in the interchange of information and views between senior management and members of the work group; whereas, employees will ensure that management are briefed about innovation and changes before they occur so they can explain management's policies and intentions. This will for sure increase employer cooperation with trade unions in establishing effective procedures for the negotiation of terms and conditions of employment and for the settlement of disputes (Osad & Osas 2013). To this end, employers encourage the establishment of effective procedures among members in the organization for the settlement of grievances and disputes at the level of the establishment or undertaking, this will trigger employers take all reasonable steps to ensure the organization observes agreements and agreed upon procedures. Thus, workplace peace entails cooperation and interpersonal relationship within groups of individuals and the organization at large. The organization maintains a communication system which secures the interchange of information and views between different levels in the organization and ensures that employees are systematically and regularly kept informed, this could be achieved through establishment of interpersonal relationship (Akpoyovwaire, 2013).

Whitmore (2016) averred that initiating and stabilizing a peaceful workplace among others require the entertainment of management and individual efforts. Taking time to acknowledge even the smallest achievement can make an employee feel valued. When a co-worker or employee is happy at his or her job, he or she will go out of his or her way to add a little extra to their commitment (Onyeizugbe, *et al*, 2018). So, to say, he or she might take on an extra assignment or stay late to help out with an uncompleted project. The more you notice and offer thanks for these little "extras," the more management builds happiness and harmony in the workplace, and the more motivated her co-workers will become thus improving business activities and attainments. Within the context

of this study, healthy management-employee relationship, less industrial action and cooperation and their indicators are measures of industrial harmony of Oil and Gas industry.

Concept of Organizational Culture

Ravasi and Schultz (2006), defined Organizational Culture is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. Delving deeper, three common attributes seem to arise across the varying perspectives within sociology, psychology, anthropology, and management science. One is that the concept of shared meaning is critical; secondly, is the notion that organizational culture is constructed socially and is affected by environment and history. The third common feature among the many definitions is that organizational culture has many symbolic and cognitive layers—culture is thick and resides at all levels.

Organizational culture is a system of shared assumptions, values, and beliefs, which govern how people behave in organizations. Organizational culture includes an organization's expectations, experiences, philosophy, and values that hold it together and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid. These shared values strongly influence the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. ▶ iedunote.com/organizational-culture.

Theoretical Review

The study will be anchored on Equity Theory of motivation.

The Equity Theory was propounded by Adam Smith in 1963 with the following assumptions:

- i. It explains how human beings strive to ensure fairness and justice in collective or give-and-take relationship.
- ii. Employee evaluates his or her work (inputs) against what he or she gets (outputs) and compares with a different worker's ratio of inputs and outputs. As such, various problems result when the employee makes comparison and perceives some form of unfairness (inequity).

The justification of this theory to this study is noted from the fact that an employee who might sense inequity in the way their grievance procedure or other outputs might alter their attitude towards the industry they work for. This theory is related to this study because, offering equity and fairness (justice) to all employees of Oil and Gas Firms will help in curbing grievance and conflict among workers as well as attaining organizational harmony.

Empirical Review

Philip-Brown and Tamunomiebi (2023) examined arbitral dispute resolution and Organizational harmony of Multinational Oil and Gas Companies in Rivers State. This study aim was to investigate the relationship between arbitral dispute resolution and industrial harmony in multinational oil and gas companies in Rivers State. The study adopted the cross-sectional survey in its investigation of the variables. Primary data was generated through a structured questionnaire. The population of this study was the five (5) multinational Oil and Gas producing companies in Nigeria and operating in Rivers State. Due to the fact that the number of the population was small and can easily be covered, a census method is used and as such accordingly represents the sample for the study. However, for the purpose of data collection, in distributing the questionnaire as an instrument, the researcher distributed fifty (50) copies of questionnaire which will be distributed to managers. 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 Spearman's Rank Order Correlation

Statistics. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. The study findings revealed that there is significant relationship between arbitral dispute resolution and industrial harmony multinational oil and gas companies in Rivers State. The study recommends that employees of multinational oil and gas companies are encouraged to join trade union. Through, employees will be able to gain more benefits such as; trade union negotiate for better pay and workplace protection, employment terms and condition, clear job description and workplace protections.

Nwuche and Amah (2016) investigated the relationship between arbitration as a dispute resolution styles and organizational harmony in Nigerian manufacturing firms. A cross-sectional survey design was adopted. Questionnaire was administered to a sample of 240-respondents drawn, using Krejcie and Morgan (1972) table, from a population of 642 employees. 219 copies of returned questionnaire were usable. Data generated were analyzed using both descriptive and inferential statistics. Results revealed that arbitration as a style of resolving dispute is highly correlated with industrial harmony. The study concludes that there is need to look beyond conflict management styles in explaining the control of conflict and the achievement of relative harmony in the workplace.

Abioro (2019) examined conflict management strategies as a tool for Organizational harmony in Ogun State. The specific objective of the research is to investigate different strategies that can be explored by organizations in achieving industrial harmony. A sample size of 296 respondents was adopted from the working population of one thousand, one hundred and forty-eight (1,148) employees. The data were generated through the use of structured questionnaire. Both descriptive and inferential statistics were used to analyze the data. Findings from the study revealed that collective bargaining strategy has a moderately significant relationship with industrial harmony Also, confrontation strategy and avoidance strategy have no significant relationship with industrial harmony. The study concluded that for industrial harmony to be achieved, organizations need to consider collective bargaining strategy as a tool, as well as other integrative conflict management strategies such as; accommodation, reconciliation, and negotiation. The study recommended that organizations should adopt a participatory style of management rather than an autocratic style. Also, avenue for dialogue, taking part in decision making process, workshop and seminars that centered on organizational conflict management should be organized for the staff, in order to achieve the stated goals of the business.

Masinde (2014) studied the effect of arbitration strategy on employee performance in the Kenyan Public Universities. The purpose of this study was to find out the effect of arbitration strategy on employee performance in Kenyan Public Universities. The study was conducted in seven public universities. Specific objectives were to establish the effect of domestic arbitration strategy on employee performance in Kenyan Public Universities and to determine the effect of the organizational factors on the relationship between domestic arbitration strategy and performance of employees in the public universities in Kenya. Designs employed were descriptive survey and Karl Pearson moment Correlation. Target population was 5189 teaching staff from seven Kenyan public universities. Stratified Random Sampling was used to obtain a sample size of 519 employees. Primary data collection was through questionnaires while secondary data was collected through document analysis. Content validity of the data collection instruments was established by carrying out an assessment by experts. Cronbach's alpha score was computed to establish the document's reliability. The alpha score was 0.845. Descriptive statistics such as means, percentages and frequency counts were used while inferential statistics involved use of Karl Pearson moment Correlation. The results indicated that domestic arbitration strategy had a positive effect on employee performance in the Kenyan Public Universities. It was concluded that domestic arbitration strategy affects employee performance and that organizational factors moderate the relationship between domestic arbitration strategy and employee performance. The study recommends that domestic arbitration strategy should be used when dealing with trivial matters and a win-win or a lose-lose orientation is required.

CONCLUSION

Based on the analysis and discussion of findings, the study concluded that industrial arbitration patterns enhance industrial harmony of Oil and Gas firms in Rivers State. Perpetual improvements and adequate resolution of industrial conflict through the adoption of domestic, international and ad-hoc arbitration patterns bring about corresponding improvements in attaining a harmonious industry. Oil and Gas Firms who neglects the adoption of arbitration as a conflict resolution pattern, will experience epileptic performance as there may be absence of industrial peace and coexistence.

RECOMMENDATION

Based on the findings, the following Recommendations were made:

1. Management of Oil and Gas firms should ensure right union representation while adopting a domestic arbitration pattern for healthy relationship among workers of the organization at all level.
2. Management of Oil and Gas firms should ensure free arbitral proceedings that is characterized with absence of lobby.
3. Union heads of Oil and Gas firms should endeavor to be honest, accountable and poses high integrity while bargaining and setting law for ad-hoc arbitration.
4. Management of Oil and Gas firms should ensure both parties bring a binding in the arbitration process.
5. Management of Oil and Gas firms should ensure that there is a settlement agreement by both parties in the arbitration process.
6. Management of oil and Gas firms should make use of an institution in the settlement of industrial disputes.
7. Management of oil and Gas firms should ensure that inter state arbitration process should be taking seriously since it's a multinational company.
8. Management of oil and gas firms should always cooperate with union representatives in order to avoid industrial actions in their organization
9. Employment terms should be spelt out to employees from the point of recruitment, and should ensure that they abide by it, so that there will be cooperation between managers and employees.

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