

SOCIAL CHALLENGES OF INDUSTRIAL RELATIONS: A STUDY OF OIL PRODUCING COMPANIES IN THE NIGER DELTA REGION OF NIGERIA

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ABSTRACT

This paper was designed to investigate the social challenges of Industrial Relations in the Oil Producing Companies in the Niger Delta Region of Nigeria and to examine the various Industrial Relations Systems operations in most organizations in the world. It adopted a descriptive method of investigation and found that if proper Industrial Relations Practices are being applied by the Oil Producing companies operating in the Niger Delta Region of Nigeria they would benefit immensely by avoiding industrial and societal conflicts and discontents, ensure industrial peace and harmony, equity and fairness, achieve performance efficiency and effectiveness, encourage productivity and growth and eliminate all forms of social, economic, political and technological challenges arising from adoption of inappropriate industrial relations practices and strategies.

Key words: Industrial Relations practices and strategies, social challenges and conflicts, industrial peace and harmony, corporate equity, performance effectiveness and efficiency, growth and productivity.

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Every organization, be it a profit oriented or non-profit organization, has a well-defined work-related relationship between itself, its employees and society at large. This relationship between multiple actors in an organization gives impetus to how well an organization fares in terms of efficiency, effectiveness, growth, productivity and profitability.

To a worker, in this relationship, the most significant and primary aspect of his job is the money income he derives from the job, his earnings. There may be other important elements of satisfaction and dissatisfaction attached to the work process itself, but despite their significance, one thing is certain: he would not be at the job unless it pays him money. He might be willing to put up with poor working conditions at times or an unreasonable supervisor or an uncongenial work crew or a monotonous operation, at least as long as nothing better was available, but he would not put up for a moment with the discipline of a job that does not pay him money or an income. His pecuniary earnings come, according to Chamberlain and Cullen (1971), if he is a manual worker, in the form of an hourly wage rate times the number of hours he works. If he is a white-collar employee, they usually are paid in the form of a salary which is simply a wage rate for a period longer than an hour, usually a week, or a month depending on the condition(s) of employment and the country involved.

To the employer or organization who pays the wage or salary, the important consideration is not simply the rate payable but the cost to the organization. What the employer or organization is most concerned with in the employment relationship is the labour output, while the worker is concerned with his income. They are looking at wages from different perspectives and this at times could lead to frictions and at other times facilitate compromise and agreement thereby leading to a healthy industrial relations and harmony in the management of the concerned organization.

To Katz and Kochan (2000), industrial relations is a broad interdisciplinary field of study that encompasses all aspects of the employment relationship. It is concerned with how the policies that govern employment relations, and the work itself affect workers and their interests, as well as the interests of the organization and the larger society. Ratnam (2006) says that industrial relations focuses on relations between employers or managers and workers and their unions in the production/service process. While Beal, Wickersham

and Kienast (1976) say that it is a set of relationships between people in society, and that it is viewed in three contexts of the market situation, the technological perspective at the workplace and the context of power relations of the evolving society as reflected in the workplace. Whichever way industrial relations is viewed, it brings about some social challenges that can make or mar an industrial society.

This paper specifically seeks to investigate the social challenges of Industrial Relations in oil producing companies with the Niger Delta region of Nigeria as its focus. It is also designed to examine the various industrial relation systems operations in most organizations of the world and to establish the differences between their operational dimensions in the oil producing companies in Nigeria and the world at large. It commences with a thorough examination of what industrial relations is all about and why it is highly indispensable in organizational life and the work place setting.

2.0 CONCEPTUAL FRAMEWORK

Industrial Relations practices are as old as the human institution. Dibua (2003) pointed out that its origin can be traced to before the beginning of the century hence the acts of industrial relations have been in existence since Adam. The implication of this preposition or information is that every social institution integrates industrial relations practices in its policy statements to enable it function as an organized entity, enhance smooth communication, understanding, productivity and efficiency as well as industrial harmony among workers and their employers (Adeogun, 1976). Ahiazu (1984) established that the integration of industrial system in any social institution enhances staff-employer relationship.

Yesufu (1983), viewed industrial relations as a whole web of human interactions at work which is predicated upon and arises out of employment contract. In this context, it is believed that a form of relationship exists between workers and the management of oil producing companies in the Niger Delta region of Nigeria. Margarism (1969) looked at industrial relations as the concept that forms the study of people in a situational organization or system, while Dunlop (1958) looked at it as labour and industrial relations, a web of rules that bind the actors in the workplace. To him, industrial relations is a study which investigates the actions of workers, management and government in a geographical environment where an organization is located or operating.

Warner (1996) is of the opinion that industrial (sometimes called labour) relations encompasses the study of the employment relationship existing between an organization's employees and its employers and how this relationship affects workers' attitudes, behaviour, employment practices and policies and the way some external bodies can intervene, and why, during periods of employee and employer discontents. The rationale of the discipline of industrial relations, according to him, is continued significance of work for the maintenance and advancement of human societies. This necessitates the existence of a vitally consequential labour or employment group, which is involved in a fundamental economic, social and political relationship with employers and management. The outcome of this relationship is so crucial to the long-term survival, let alone continued prosperity of any country, that it inevitably includes the state or government as well.

In more detail, industrial relations scholars tend to assume that in every industrial and industrializing country, there are three main "actors" or parties with partly common and partly divergent interests involved. These are employers and managers, employees and labour (and often trade unions) and the state. A degree of conflict between these groups is regarded as inevitable, but there are typically mechanisms to ensure that it is channelled or accommodated, notably:

1. Individual resolution (supported by freedom of contract and by the lack of any substantial restrictions to the operations of the labour market).
2. Unilateral determination (by employers, managers, the state, trade unions or workers).
3. Plural modes of regulation (typically under collective bargaining in which differences are expressed, articulated and defend through independent association of employers and employees and which joint determination and responsibility for the terms and conditions of employment have been instituted).

It is further assumed that interests may be shared or conflicting in both the so-called production and distribution processes in organizations. The first encompasses the actual work process, the second, is the economic rewards which accrue from employment. On the one hand, a series of creative or productive activities are defined by the functions of all organizations. But while their performance may be free of conflict, there are often fundamental struggles along the frontier of control between workers who seek freedom on the job and managers and supervisors who endeavour to plan the overall organization and conduct of work processes. Equally, the allocation of employee rewards may also occasion consensus or conflict. The former depends on fairness or organizational justice governing the principles of distribution. But in its absence, antagonism is likely to ensue and it is reflected in familiar disputes over pay and income, the main reason why employees engage

themselves on the job. At this juncture, industrial relations become quite inevitable as a moderating influence on industrial stability and harmony.

2.1 MODERN SYSTEMATIC ANALYSIS OF INDUSTRIAL RELATIONS

The modern systematic analysis of industrial relations largely began with the Systems Theory. The most influential of the attempts to define the field of industrial relations in these terms was by John T. Dunlop (1956). In his industrial relations systems, he argued that in any given social system, it was possible to identify three interlocking systems which are the economic system, technological system and the political system which were on the same logical plane and were interrelated. In this context, developments in the political and economic systems influence the industrial relations system and vice versa. Within the industrial relations system itself, three groups of actors were identified, workers and their organizations, managers and their organizations, and government and their agencies concerned with the workplace and work community.

In Dunlop's view, every industrial relations system creates a complex set of rules to govern the work place and work community. These rules may take a variety of forms in different systems, thus agreements, policies, statutes, orders, decrees, regulations, awards, practices and customs. And the actors in the industrial relations system are regarded as confronting an environmental context at any point in time. This is composed of three interrelated contexts of:

- a. Technology
- b. Market or budgetary constraints, and
- c. The power relations and status of the actors as were stated before in this discourse.

A variety of refinements of the system model were later to be developed but the system model itself has not been without its critics. As Warner (1996) observed, it has been viewed as static and not dynamic or historical in its compass. It was seen also as focusing more on structure than on process. Its emphasis on stability rather conflict has been a principal source of controversy. Other criticisms include its stress on formal rather than concrete form, its ideologies and its environmental bias so far as explanations for differences in industrial relations systems are concerned.

Fox (1974) advocated a social action perspective of industrial relations in organizations. This perspective is based Weberian sociology. The fundamental assumption of this perspective is that the actors' own definitions of the situations in which they are engaged is the fundamental basis of explanation of their behaviour and relations as a function of the system in which actors: labour, managers and the state are enmeshed. The social action perspective stresses the fundamental importance of freedom of action, the ability of actors to influence events based on distinctive orientations, and the importance of choice. Given that choices are, in constantly stressed. The social action perspective has thus provided a radically different approach to systems theory but it is deficient in respect of the limited emphasis placed on economic, technological and political conditions in shaping rather than determining orientations and choices and an appropriate synthesis does combine the notions of action, power and structure to provide a more encompassing explanation.

The first attempt to formulate a general theory of comparative industrial relations is usually traced to Kerr et al (1960). Kerr et al envisaged a convergence to a greater degree of uniformity in the world's industrial relations systems in the future. The central logic of industrialism or "central detonator" was seen to stem from the homogenizing forces of new technology and a wide variety of sources of uniformity were identified that included history and homogeneity, technology and society, the push of progress, education and equality, government and enterprise, and the compulsion of comparisons". Other potent threads of diversity were also isolated that included the persistence of strategies, the imprint of culture, the hour clock of evolution, the culture of industry, and people and performance.

2.2 SOME RATIONALE BEHIND INDUSTRIAL RELATIONS

The following, according to Yesufu (1982) are the rationale behind industrial relations systems anywhere in the world:

1. Improved terms of employment (wages, hours spent on the job, fringe benefits). This could be achieved through a proper articulation of employment policies or through the process of collective bargaining.
2. Improved physical environment of the work place, e.g. Content of the job, employee health and safety, ecological health, etc. Organizations are expected to have or create good and conducive work

environment(s) for their workforce. The parties involved will make sure that the management of organizations conform(s) to the various legislations on health, safety and security of workers on the job and of citizens of a given community in general, especially on the factory sites and ecology.

3. Full employment of indigenes and compliance to the national quota system. This will involve following set down governmental policies and guidelines on what constitutes full employment and proper adoption of the quota system to avoid undue discrimination militancy and social unrest.
4. Security of employment and income of workers. This could be achieved by organizations if they ensure that management do or does not embark on indiscriminate termination or retrenchment of workers or creating a situation of staff redundancy. They should comply with the rules and regulations on redundancy when it occurs. They should also ensure that workers are guaranteed their income security by paying workers their incomes and salaries as appropriately stated in their terms of employment, and on time also.

2.3 SOCIAL CHALLENGES OF POOR INDUSTRIAL RELATIONS OF OIL PRODUCING COMPANIES IN THE NIGER DELTA REGION OF NIGERIA.

There are a lot of social challenges that can occur or arise from lack of or poor implementation of proper industrial relations strategies in organizations and society in general. Among these social challenges are:

1. Occurrence of a lot of social vices in the Niger Delta Region of Nigeria and its spread in the name of Boko Haram to the Northern part of Nigeria. These social vices are already eminent and are in the form of armed robbery, kidnappings, killings, militancy, and what have you. A lot of workers or citizens who may have been unjustly retired from work or prematurely terminated from their jobs or who may have found it difficult to be hired by oil producing companies or other related companies may wish to stall the operations of the entire society by engaging in any form of the above social vices. Female citizens of the country may wish to engage themselves in illicit sexual activities in order to make ends meet. This will add up the rate of divorce or one unit homes in the federation. This effect to the health sector may be a high level of disillusionment arising from the spread of diseases which may be terminal in nature.
2. Low purchasing power of citizens in the market system and inability of citizens to meet their economic and social demands or obligations may result from poor income or salaries, unfair termination of employment or outright redundancy. Families may break-up, children's school fees may be left unpaid and a lot of families may find it difficult to meet their health service needs. The level of child labour may increase. All these can result from a general poverty level due to inadequate circulation of income that enhances the purchasing power of citizens of a country.
3. Ecological problems may increase. Damages of the ecosystem can constitute a social challenge. Examples of this type of social challenge are the Ogoni, Umuechem, Iko, Odi, Bonny, Nembe, Obagi, Obirikom, Diebu Creek, Rumudioga, Omoku, Warri crises which threw members of these communities and the entire Nigerian society into a state of quandary. Major causes of this crises are pipe and flow station vandalism which are strains of sabotage arising from unsatisfied oil workers and lack of effort by government(s) to intervene.
4. Insecurity in the political system of the nation. This can result from riots, demonstrations, confrontations and uncontrollable youth restiveness due to lack of satisfaction over attitudes of the oil producing companies towards workers and citizens of their host communities. The unjustifiable killing of Chief Ken Saro - Wiwa is a case in point.
5. Economic problems can arise out of poor industrial relations outfit. This, according to Locorsky (1985) constitutes a major social challenge to society. This comprises products market, the labour market, money market and technological innovation. According to him, the ability of a company to meet its obligations to workers may be a function of the demand of the company's product. If a company is unable to sell its products, such a company may not be able to retain its market share and level of profitability. This can force the company to embark on retrenchment of workers, certain governmental monetary or fiscal policies may also affect workers, as some requirements of a new technology do. All these may make some workers become obsolete, prone to redundancy and very poor economically.

2.4 MEASURES TO IMPROVE POOR INDUSTRIAL RELATIONS AND ELIMINATE SOME SOCIAL CHALLENGES.

Katz and Kochan (2000) and Ratnam (2006) have advocated some strategic approach to solving the problems of industrial relations in order to avoid or eliminate some attendant social challenges. These include but not limited to:

1. Participation of workers' representatives in the management of their organizations. Representational system provides an avenue by which decision - making is being shared between employees and management. This provides the means by which employees have a real say in decisions that affect them. This system is called industrial democracy. By this system, some workers can be co-opted into the managerial team for representing the interest of the workers in decisions affecting them. The co-opting approach is used in a situation where the workers feel alienated and disenfranchised and that they are not properly represented in decisions affecting them. Co-opting could also be used to change workers' perceptions or negative attitudes towards management and to create industrial harmony and stability. This leads to increase in productivity and profitability (Nwaeke, 1983).
2. Collective bargaining: This is another means through which workers participate in decisions that affect them on the job. During this process, the management and workers' representatives meet to negotiate on terms guiding their employment contract or relationship. The parties involved in the process will jointly establish the rules guiding the behaviour of both parties (employer and employees) in their relationship.
3. Work Groups: Work groups involve the development of functional group of people and allocation of work to the group and not individuals. In these groups, employees may have control over all the immediate factors concerning their works and such groups may be given freehand to decide on the target of the group norms, group leadership, and needs. Work groups are also involved in such functions as individual procedures and techniques, internal distribution of tasks, group production methods, etc.
4. Joint consultative committee: The joint consultative committee includes employee council, shop steward committee, staff committee and workers' council that have the ability to resolve industrial conflicts.
5. Financial Participation: A new dimension in resolving conflicts in organizations involve workers or employees participating in key decision making through buying of shares in the organization. When workers buy shares in the organization, they feel committed to the organization. Management can also ensure the financial participation of employees through a system of profit sharing in the organization. Profit sharing involves the use of "Scanlion Principle" which is a compensation system based on a company-wide incentive system that results in the sharing of rewards caused by improved productivity, cost reduction or improved quality (Ivancevich et al, 1997).
6. Improving the content of the job. This is one of the ways to ensure the participation of employees in decision-making by improving the content of the job through job design, job enrichment and job enlargement, to mention but a few.

Nwaeke and Wodu (2005) said that improving social challenges of the Oil Producing Companies of Nigeria will also involve the following:

1. Establishing a community development programme to serve its host communities.
2. Working with host communities and with government donours, non-governmental organizations, community based groups and other stakeholders to strengthen relationships between and amongst them.
3. Encouraging the full participation of host communities in project planning, implementation and monitoring to ensure their full satisfaction and minimize conflicts.
4. Maintaining adequate communication lines with all social segments of host communities in order to address critical issues and their various needs. This will curb restiveness.
5. Focusing on community development assistance programmes on activities having high impact and broad social benefits for the host population.
6. Paying special attention to the most economic disadvantaged social groups in all their areas of operation.
7. Establishing and maintaining close relationship with all segments of the local population to better understand their concerns, needs and aspirations.
8. Continuously assessing and abating the social, political, economic and technological impacts of all business activities and take needed preventive and mitigating measures.

9. Bringing relevant issues affecting host communities, employees and employers and other bodies that can be of importance and preferring solutions to them.
10. Managing the settlement of compensation for land acquired for company operations and for damages in a demonstrably fair, accountable and transparent manner and in accordance with statutory provisions and approved procedures.
11. Providing technical and financial assistance to community development committees in carrying out their activities professionally.
12. Liaising with community development committees in crisis management and basic infrastructure development.
13. Creating a shared understanding of local environmental issues, problems and constraints, and aspirations and concerns of stakeholders.
14. Giving a higher priority to nature conservation and ecological restoration and expand the scope of its environmental management role(s).
15. Carrying out environmental impact assessment and environmental evaluation review in relation to all aspects of the natural and social environment that may affect or may be affected by their activities.
16. Routinely monitoring the environmental status of each operation and take corrective actions where necessary.
17. Making an assessment of the major hazards and their effects to the environmental and to the health and safety of people on all activities, materials, products and services to ensure that risks are tolerable and as low as possible.
18. Taking all practical and reasonable measures to minimize the generation of solid and liquid waste(s), as well as emissions from flares and other wastes.
19. Managing and disposing of wastes in an environmentally responsible manner, without risks to inhabitants.
20. Cleaning up all hydrocarbons and chemical spills emanating from the companies' operations in a timely and efficient manner.
21. Drawing up contingency plans and provide resources for prevention of and timely response to spills.
22. Stop meddling in the core political affairs of the host communities to avoid taking sides in all political matters of their host communities.
23. Provision of schools or day centres for staff children. This also applies to health care facilities for staff and their families. Maternity leave should be granted to both male and female workers without discrimination.
24. Effecting cleanup of spills where the cause of the spill or the party responsible is known and seek to recoup costs for such services rendered.

All the above measures and more will resolve some social challenges of industrial and human relations in oil producing companies in the Niger Delta Region of Nigeria and bring them back to the right path to a healthy, peaceful operations and industrial harmony.

3. CONCLUSION

Industrial Relations is a concept that describes a mutual relationship between employees and their employers at the work place. It is focused on how employment contracts could be interpreted to favour an interplay between employees' and employers' needs and how this could also create industrial peace and harmony and bring about increase in corporate productivity.

The absence of industrial relations in the work place can lead to industrial conflicts, distorted corporate image, dysfunctional industrial processes and failure of organizations to continue to exist or improve upon their productivity.

Other potential breach of employment contracts could be employee layoffs, poverty and many unwelcome social vices or challenges which can halt a nation's economic, social, political and technological advancement. To achieve a coherent order, the parties involved in industrial relations (employees, employers and the government and unions) should create an enabling environment through collective bargaining for employees and their employers to co-exist for corporate efficiency, effectiveness, and enhanced productivity. This will eliminate the existence of social challenges arising from lack of and poor implementation of industrial relations practices in organizations, especially the oil producing companies in the Niger Delta Region of Nigeria. A good industrial relations systems to be adopted by the oil producing companies in this region should be aimed at: encouraging a better relationship between the companies, their employees and their host communities. ensuring that both the aims and objectives of the parties involved in an employment contract are achieved, and eliminating social challenges such as armed robbery, kidnapping, killings, militancy and what have you in the region.

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