

Strategic Outsourcing For Effective Conflict And Peace Management In Oil And Gas Producing Communities In Nigeria

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ABSTRACT

The challenge of managing organizational conflicts in operational areas in order to achieve an atmosphere of industrial peace and harmony has persistently occupied the front-burner in industrial and corporate discourse in recent times; especially in the oil and gas sector in Nigeria. While a lot of strategies and programmes have been formulated and highlighted; a detailed research study of the causes, trends and consequences of conflicts in operational areas has revealed that the adoption of the practice of strategic outsourcing by organizations will not only go a long way, but will drastically eliminate the problem of industrial conflict in operational areas and restore peace and harmony that would enhance the attainment of set goals in the industry. The Needs theory observes that organizations and all human beings have needs which border on social, economic, psychological, security and distributive justice; which they desire to be met, and which, when not met, drive them towards aggression and conflict in order to get what they want. A critical examination of the characteristics of this theory in the light of the research questions which investigated conflict situations in operational areas of operational areas of organizations; leads to the conclusion that outsourcing undoubtedly offers the way out of the chaos for industrial and corporate bodies in the oil and gas industry and communities in Nigeria. The methodology employed included using simple random sampling of persons in the operational areas and the corporate bodies operating in them to obtain the data for analysis which employed simple percentages to reach conclusions to arrive at the decisions and recommendations made.

Key words: Strategic outsourcing; conflict; peace management.

INTRODUCTION

In recent times many organizations doing business in the Niger Delta Region of Nigeria have been forced to close shop, as they could not continue their operations due to the unfavourable and uncondusive business climate generated by unending and persistent agitations and militancy in the area. Most of these organizations have suffered collateral losses that run into billions of dollars in specific human and material losses that are incalculable; just as it is also the case of the communities in such organizational locations. To a large extent, most of these losses could have been averted if such organizations adopted the option of strategic outsourcing in carrying out some of their logistics and operational processes. Much has been said about outsourcing but evidently not much is known or done about this laudable approach to modern day corporate strategy of doing business, especially in conflict-prone environments. A lot of organizations are skeptical about outsourcing, if not totally rejecting it. Many reasons are adduced for this development. A major reason is suspicion. Many chief executives view outsourcing as a subtle attempt by some officials in their organizations to collude with external bodies to defraud them. Others think that outsourcing would afford intruders opportunity to find out their internal secrets and steal them; while yet others think that it is a chance of courting the mediocrity and incompetence of those who desire to be engaged through outsourcing; yet again, others think that it is an unnecessary waste of funds and resources: as they argue that it would cost less in terms of human and material costs if the jobs that are outsourced are handled directly. From all of these instances, it is clear that a lot of organizations are poorly informed about the practice or have not taken time to consider the option of outsourcing in-depth; especially in their contributing to the resolution of violence and conflicts and the maintenance of peace in operational areas. This scenario poses a lot of research questions such as:

- i) What sure approach can organizations adopt which can contribute to the resolution of conflicts in the work environment and achieve industrial peace in oil and gas producing areas in Nigeria?
- ii) What advantages does such an approach have over other methods of resolving conflicts and maintaining peace in such work environments?
- iii) What are the constraints to the approach and how can such constraints be overcome?

It is in pursuit of the answers to these questions that the Businessday Forum (2009); (a leading business roundtable in Nigeria) maintains that outsourcing is a major aspect of Corporate Social Responsibility (CSR) for organizations that want to operate in peace and in an environment devoid of conflicts, and to be relevant in present day business environment; (especially in violence-prone areas like the Niger Delta). There is no doubt that a studied focus on these research questions with a view to addressing them dispassionately and without bias

to any of the contending parties will recommend a scheme or programme with a definition and scope in the nature of outsourcing.

This conviction is hinged on the views of scholarly literature that have examined and reviewed the nature and effects of outsourcing in resolving organizational conflicts and crises in operational areas. Akpobari (2005) advocates outsourcing as a tool to ensure the involvement of the locales of oil producing communities.

Fashola (2007) holds the view that “it ensures the natural and harmonious prosperity of the workplace and the locality of operations and the general society at large; and becomes an unavoidable tool for resolving working environment conflicts for corporate bodies when it is taken into cognizance the fact that peace is sine qua non with steady productivity in the workplace environment. Suberu (1996:96) concludes this by saying that “quite unfortunately organizational leaders and indeed the Governments at all levels do not view the management of workplace conflicts as scientifically as they should in order to deal with their root causes” and argues that outsourcing is one of such measures for that fundamental approach to conflict resolution.

STATEMENT OF THE PROBLEM

The problem is that most business organizations doing business in the oil and gas sector of the Nigeria economy; especially in the Niger Delta Region do not consider the option of outsourcing as one of the strategies for organizational survival and profitability. Investigations by environmental experts within the Niger Delta Environment Watch in the Niger Delta (EWIND) (2003) have shown that seven out of ten corporate bodies doing business in a very agitational and conflagrational region as the Niger Delta Region of Nigeria do not understand and utilize the strategy and practice of outsourcing. In a region that accommodates the greatest amount of business activities as a result of the hydro-carbon industry in the area, and their allied and associated as well as ancillary services which evolve out of the industry; the prospects of outsourcing being used as the practice to resolve conflicts and maintain peace is very high; but is least employed. The companies misunderstand outsourcing for other industrial practices such as the different dimensions and variations of contracting; the different shades of temporary forms of employment; and the different levels of external operational processes. For example, some corporate bodies regard casualization and contract employment as outsourcing. They also regard the practice of milestone execution as outsourcing. Some also think that property leasing means outsourcing. It should be made clear that these practices fall short of the practice of outsourcing.

Their responses to the questionnaire we used for this research buttresses this assertion. “We circulated 100 copies of the questionnaire among the staff of five companies in the petroleum sector where the interruption of operations and threat to peace have been most prominent at the rate of 20 copies per company; distributed among their staff that have operational responses, and their responsibilities to the questions are as follows:

Question 1: Which best strategy most adequately addresses the problem of threat to peaceful operations and insecurity in work environments?

Coy	No.	Contracting	Outsourcing	Franchising	Leasing	Casualisation	Total
A	20	3	2	2	3	20	
B	20	7	2	1	4	6	20
C	20	8	4	2	3	3	20
D	20	6	4	3	3	4	20
E	20	5	3	1	3	4	20
Total	100	36	16	09	15	24	100

Findings: The respondents hold the view that shows their inadequate understanding of outsourcing as the magic wand to eliminate the problem of threat to peace in operational areas, and the frequent disruption of operations. 36% preferred the method of contracting. 24% opined that it is actualization outsourcing scored 16% and leasing 15% with franchising trailing with 9%.

The responses show a lack of adequate knowledge of or non-preference for outsourcing by these operators responsible for the creation and adoption of best practices and strategies for the attainment of peaceful operational environment, and for obtaining the confidence and courting the co-operation of impacted stakeholders, especially the local inhabitants.

Question II: How familiar are you with outsourcing among the above industrial practices.

Coy	No.	Very familiar	Familiar	Not familiar	No very familiar	Total
A	20	(i) 3	(iv) 3	(iii) 3	(ii) 8	20
B	20	(i) 5	(iv) 2	(ii) 7	(iii) 6	20
C	20	(iv) 5	(v) 3	(iii) 7	(ii) 8	20
D	20	(v) 6	(i) 5	(ii) 6	(iii) 3	20
E	20	(1) 4	(v) 4	(ii) 8	(iii) 4	20
Total	100	23	17	31	29	100

Findings:

60% are in not familiar, and or not very familiar category; with outsourcing.

Contracting = 25% expressed the view that they know about contracting.

Franchising = 16% of the respondents said they are not familiar or not very familiar with franchising 7% said they are familiar or very familiar with leasing 10% & 16% respondent expressed the view that they are very familiar or familiar with casualization. On the whole, it is very clear from the survey that a large proportion of the operational managers and personnel of the five companies examined are not familiar or very familiar with the importance, implications and role of using strategic outsourcing to achieve organizational operational peace and stability and efficiency in productivity.

At this point, it becomes necessary to define and explain some of the terms used in this article; at least in the context and meaning in which they are used here. These include: outsourcing; conflict; peace; and strategic.

Outsourcing: Agboti (2006) says outsourcing is the act of transferring a part or all of an organizations activities or operations to outside providers in a manner that maximally reduces or totally eliminates the control and execution of such activities by the outsourcing company; except to supervise the extent and conditions of compliance to the modalities of carrying out the job. He submits that in this light outsourcing involves more than contracting or subletting a job to be done in consideration of the terms and conditions for engagement between the organization and the external service provider. In simple terms, Agboti is of the view that outsourcing involves giving a free hand to outsider specialists to run and manage a particular outsourced activity by an organization.

Conflict: Igwe (2002:44) sees conflict as contradictions, both antagonistic and non-antagonistic, in relations between actors, which upturn the just and ideal structure of relations, and whose dialectics have negative consequences in the interactions between such parties". Also, Fashola (2007) opines that conflict is an expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce resources and interference as the response by the other party in their quest to achieve their goals; as a result of imbalances in relationship. In other words, conflict arises as a result of desired needs whose goals are not met or at the risks of not being achieved; as in the case of host communities and the oil and gas companies in their operational areas.

Peace: Peace means a just and acceptable state of affairs and order in relationships; with an effective means of resolving conflicts by non-violent means. Ibeanu (2006) gives peace an instrumentalist definition as the means to an end. The end, being social progress and development. He goes further to state that peace means the creation and maintenance of a just and equitable order in relationships and the resolution of conflicts through non-violent means; thus seeing peace in various perspectives such as structural peace: which means peace as justice and development and; environmental peace: which means balance in and with; the interactions in the ecosphere.

Strategic: Strategic is used in this research work to mean the highest level of operational art, tactics and stratagem; employing all the resources: (human, material and natural) in both short and long term planning in the pursuit of objectives: (Igwe 2002; Allen 2000). To this end, strategic outsourcing deals with the issues and knowledge leading to the attainment of organizational goals through the employment and deployment of the highest operational strategies and methods I dealing with external bodies by an organization.

The purpose of this study therefore is to delineate the importance and strategic role of outsourcing as a veritable tool in the resolution of conflicts engendered by the opposition, non tolerance and disagreement within an environment against the presence and activities of corporate citizens operating in contentious environments plagued by communal confrontations and militancy, as in the Niger Delta Region of Nigeria; so that the necessary peace and harmony which would help both the organizations and communities attain the objectives of their aspirations, can be achieved.

The significance of this work as a panacea for industrial peace is highlighted and emphasized by its contribution to peace and harmonious relationship with host communities bedeviled with conflicts and crises which cannot be over-emphasized.

THEORETICAL FRAMEWORK

It is to this end that we adopt the Needs Theory as expounded by Rosatti (1990): that organizations and all human beings have needs which border on the economic, social, security, psychological and distributive justice; which they desire to be met, and which, when not met, drive them towards aggression and conflict against intervening factors in order for their needs to be met, and that they achieve their objectives. Akpobari (2005) postulates the view that the need for self-actualization, recognition and protection of identity spur individuals and groups in the oil and gas bearing communities into agitations and conflicts to quest for economic empowerment and political relevance. In the views of Burton (1991), economic and social conflicts which take long to be resolved are identity-driven and grow out of feelings of oppression, persecution, victimization and denial. Horowitz (1992) collaborates this in his “fear of extinction thesis” on this theory. Rothschild (1995) summarizes this with what he calls “pathological dimensions of ethnicity”; that results in the conviction of interpreting negatively, impacting developments in conflict-laden conclusion of “we-versus- them”. This tendency is undoubtedly one of the fundamental explanations of the root causes of the unfavourable and intolerable conflict-laden industrial climate in the Niger Delta region of Nigeria. Communities have risen in the face of perceived insensitivity, oppression, neglect and humiliation of their people and their land by corporate organizations operating in their areas; to question this attitude and non-challance. In an effort to stop these perceived injustices they have interfaced frontally confronted the organizations in conflicts and agitations whose consequences have resulted in huge losses that cannot be adequately quantified. At worst these organizations have abandoned their activities and relocated to more friendly climes far from the noise of war; resulting in additional huge operational costs. Other have taken the most disturbing option of closing shop.

OPERATIONAL APPLICATION

Confronted with this hiatus, determined organizations have sought ways of how to overcome the dilemma. One of such organizations is Hobotech. (Nig.) Ltd. An upstream oil and gas services company operating in the creeks of the Niger Delta Region. In the heat of the crisis in the Niger Delta, it had consulted us on how best the company can overcome the wrath of their host community and enjoy a peaceful and harmonious relationship with all parties and continue in operation. We had hypothesized, in line with the research questions of this study that:

1. Adoption of the practice of outsourcing can help organization resolve its conflicts with the host communities and have peace to operate.
2. The advantage of outsourcing over other approaches to conflict resolution meets all the -aspirations and desires of all the parties.
3. As constraints come up, all parties team up to overcome them as a result of envisaged mutual advantages where outsourcing is adopted.

After a close study and evaluation of the implications of outsourcing; the company adopted the practice and decided to outsource its Security, and Logistics Departments to organizations that met the minimum benchmarks of the criteria for engagement to organizations which are indigenous to their operational areas.

FINDINGS

Engagement of the indigenous outfits did not only involve the locales as stakeholders in the aspirations and goals of Hobotech (Nig) Ltd; but endeared the company to the communities who felt that the company had identified with them and shares their pains and desires. More than anything else, the approach put Hobotech in a position to have clearer perspective of the experiences the people go through as a result of the activities of the corporate establishments doing business in their domain, and the degree of the sufferings, deprivations and dislocations they suffer and complain about. It also highlighted the need for the companies and others operating in other host communities to take the plight and needs of the host communities into account when bidding for contracts so that the issues they agitate for will be taken care of when the contracts are being awarded. On the part of the communities, the engagement of those among them who are knowledgeable in the outsourced activities of the companies brought the constraints of the corporate bodies which they think are insensitive to their plight or are responsible or non responsive to their complaints to the fore. For example, they discovered the peculiar technicalities associated with the operations of the companies. The people discovered that some of the equipment come with specifications and instructions of the manufacturers on the calibre, years and work experience of those to operate the machines; and the type of training they should have had. They realized from this that there was no way the companies could respond to their quest for employment opportunities and quota as a result of such considerations. They also realized that some manufacturers send their own personnel with their equipment to the companies that buy such equipment to ensure that the environmental conditions for the

installation and operation of the equipment are met; such that there was no way the operating companies such as Hobotech (Mg) Ltd could handle the equipment other than the way determined by the equipment manufacturers.

Again also, it became clear to the host communities through their participation in the operations of the company that the major oil and gas operating companies (IOCs) which employ the service-companies give them defined guidelines to carry out the contracts which, most times do not make provisions to accommodate the demands of the host communities in terms of provision of infrastructural facilities, employment opportunities, workers welfare packages, and community entitlements. Most importantly, outsourcing brought in the expertise of the external knowledgeable personnel with exceptional skills which the outsourcing company had not been exposed to; thus highlighting the advantages of the practice of outsourcing.

The importance of outsourcing as a tool to deal with the conflicts and agitations in host communities became obvious from this engagement.

CONCLUSION

The practice of outsourcing is outstanding as an industrial tool for resolution of conflicts and the management of peace for industrial harmony; and mutually beneficial relationship among communities and their corporate tenants.

1. It is in line with corporate best practices and satisfies the demands of Corporate Social Responsibility (CSR) as enunciated by the United Nations Blueprint on Industrial Practices for Sustainable Development (2008).
2. It enhances technical competence and technological development as it avails the companies with expert knowledge of consultants and experts who are outside, employment of such organizations that can do the jobs better than the employees of the outsourcing companies.
3. Adopted by organizations it is a tool for public relations and an industrial strategy to promote company/community co-operation and stability.
4. It generates employment and expands the economy as it offers the external public of the corporate bodies, the opportunity to offer and put into practice their knowledge and skills, thus enhancing capacity building and professional competence on both sides.
5. It leads to external economics of scale and localization of industrial scope necessary to expand the scope and environment of business availability in a locality so that the ambitious among the host communities can find enterprise.
6. It is an innovation geared towards the proper enlightenment of stakeholders in the operational areas; as it affords all those involved the opportunity to have a better understanding and knowledge of the technicalities, challenges and aspirations of all sides at stake.
7. It is geared towards the enhancement of organizational efficiency and effectiveness in the management of men, materials and organizational goals; and the resolution of conflicts and misunderstandings.
8. It serves as a platform for personnel exchange, training, and optimum human resource allocation and utilization.
9. Its major goal is the satisfaction of the interests, dreams and aspirations of all within the scope and area of operation of organizations.

RECOMMENDATIONS

In the light of the foregoing, outsourcing is recommended as a veritable tool of conflict resolution and peace management in the oil and gas industry in Nigeria where the economy has suffered enormous setbacks due to incessant interruptions of the operations of key players in the sector. However, caution is sounded that such an approach should be carried out after a careful and data based research with positive indices that support the practice by consultants who are versed in the scheme. The technical component should emphasize a greater use of local content resources which can be sourced locally; with a higher degree of local technology. Outsourcing should be done in operations that are in tandem with Government technical craft policies and schemes such as can be carried out through the National Directorate of employment (NDE) and the skills acquisition programmes of the state governments.

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