

## INDUSTRIAL RELATIONS PRACTICES IN THE OIL AND GAS SECTOR IN A DEPRESSED NIGERIAN ECONOMY: A SEARCH FOR A MUTUALLY ACCEPTABLE OUTCOME

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### Abstract

*This paper reviews industrial relations practices in the oil and gas sector of the economy among the social partners, with emphasis on the collective bargaining option and search for a mutually acceptable outcome for the social partners especially in this period when economy is in recession. The paper established the importance of the oil and gas sector to an economy and the need to maintain industrial harmony in the sector. The paper further argued that the economic recession has created more challenges for industrial relations in the sector. The meaning and of industrial relations was examined and the state of industrial relations in the sector was identified. Industrial management options were reviewed with emphasis on collective bargaining, being an option canvassed by the Nigeria Labour Congress (NLC) and International Labour Organisation (ILO). The challenges facing collective bargaining in the oil and gas sector were enumerated to include fear of official victimization/intimidation by government among others. Recommendations that will enhance a mutually acceptable outcome by the social partners were made including arrangements that will allow workers buy reasonable shares in the national assets, if they are eventually sold.*

**Keywords: Industrial Relations; Depressed Economy; Oil and Gas sector; Collective Bargaining.**

### Introduction

The contributions of the oil and gas sector to the Nigerian economy cannot be over-emphasized. The discovery of oil in commercial quantity in Nigeria in 1959 had altered the structure of the Nigerian economy. Within a decade of its discovery, oil displaced agriculture as the major source of revenue for the government. According to Odularu (2008), before Nigeria's political independence in 1960, agriculture was the dominant sector in the economy, which provides both cash and food crops to the

economy and accounted for the largest part of the foreign exchange of the country.

However, crude oil production in commercial quantities changed the structure of the Nigerian economy. This led to neglect of agriculture, making the economy to depend heavily on production of crude oil.

In 2000, oil export accounted for more than 98% of export and about 83% of Federal Government Revenue. Oil and gas account for about 35% of GDP and petroleum exports revenue represents over 90% of total exports revenue. DEC, 2016). Also, data from National Bureau of Statistics (2016) show that oil and gas sector contributed N1.942 trillion to Nigeria's GDP in the third quarter of 2015.

For over fifty years, the oil and gas sector has contributed in numerous ways to the growth of Nigerian economy. Specifically, Khadijat (2011) identified five key areas where the sector has contributed to the Nigerian economy.

- Creation to employment
- Contribution of gross domestic product
- Contribution to government revenue
- Contribution to foreign exchange reserves
- Contribution to energy supply

Nigeria operates a mixed economic system, heightening inflationary pressure in recent years. Theoretically, the economy of a country can be viewed from two extreme systems. On the one hand is capitalism or capitalist economic system where there exists a highly decentralized system in which the government has no economic functions. The private sector performs virtually all economic functions. The other extreme is socialism or socialist economic system which is a case of total centralization where the government takes total responsibility for all economic activities and therefore, the private sector is almost non-existent.

However, in reality, there exists some degree of centralization and decentralization which is known as mixed economic system. More succinctly, mixed economic system is a situation where there is co-existence of capitalism and socialism. Following an April 2014 statistical “rebasings” exercise, Nigeria emerged as Africa largest economy with 2013 GDP estimated at US\$502 billion. Oil has been a major source of government revenue since the 1970s. However, regulatory constraints and security risks

attacks by militants on oil-related infrastructure caused output to plunge from 2.11 million barrels per day (mbpd) in Q1 to just 1.69mbpd in Q2. (Nigerian Economic outlook, 2016).

Also, the recessed Nigerian economy is characterized by import restrictions, a persistent foreign currency shortage, subdued oil prices and the depreciation of the Naira. This led to decline in the GDP in Q2. Inflationary pressures is also on the economy. The weakening Naira has been months. Inflation jumped from July 2016 17.1% to 17.6% in August 2016 making it

have limited new investment in the oil and gas sector. Meanwhile, the Nigerian economy fell into recession in Q2 of 2016, contracting 2.2% annually. Falling oil production mainly caused the slump as the highest inflationary rate since October, 2005 (Nigerian Economic Outlook, 2006). The implication of the above data is that Africa biggest economy is on its way to depression, if economy recovery is not achieved soon. A depression is an unusual and extreme form of recession. Depressions are characterized by their length, by abnormally large increases in unemployment, fall in the availability of credit, shrinking output as buyers dry up and supplies cut back on production and investment, large number of bankruptcies including sovereign debt defaults, etc (Wikipedia).

In this prevailing circumstance of a recession, it is obviously not the best of time for worker and employers. Workers suffer from pay cut, retrenchment, poor welfare

schemes, etc. On the other hand, employers in the private sector suffer from shrinking profits, stocks pile up, poor revenue, etc while public sector employers are faced with dwindling revenue and poor credit rating This scenario creates difficulties for labour unions and employers which may lead to industrial disharmony.

The oil and gas sector of the Nigeria is worst hit by the recession as a result of militants' attacks on oil-related infrastructures Also senior workers in this sector have been labeled as corrupt and inefficient It is not the best of time for workers in the sector as most loose their jobs daily and benefits are held back This will obviously affect industrial relations in the sector. How can we therefore achieve industrial peace at this difficult time?

The objective of this paper is to examine the industrial relations practices in the oil and gas sector and work out a mutually acceptable outcome among the social partners in the sector. This paper will be organized in four parts. While part one is the introduction, part two will clarify the concept of industrial relations and theories of it, part three will be concerned with the review of industrial relation practices in the oil and gas sector part four deals with strategies for conflict management in the Nigeria's oil and gas sector, and the last section will deal with conclusion and recommendations (way forward)

### **The Meaning and Theories of Industrial Relations**

The term industrial relations connote the relationship between employer and employees especially under conditions of

production created by modern class society i.e. capitalist society. As an area of study and research, it is the study of processes of control over work relations, which involve collective workers organisation and employers of labour (Yusif, 1996).

Industrial relation is defined as relation of individual or group of employee and employer for engaging themselves in a way to maximize the productive activities. In the words of Lester, "industrial relations involve attempts at arriving at solutions between the conflicting objectives and values; between the profit motive and social gain; between discipline and freedom, between authority and industrial democracy; between bargaining and cooperation, and between conflicting interests of the individual, the group and the community". The term, industrial relation explains the relationship between employees and management which stems directly or indirectly from union-employer relationship. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

Industrial relations have become one of the most delicate and complex problem of modern industrial society. Industrial progress is impossible without cooperation of labours and harmonious relationship. Therefore, it is in the interest of all to maintain good relations between employees (labour) and employers (management). According to Yusif (1996), the employers and employees are in perpetual relationship of antagonism. There is perpetual conflict among them because of the following reasons:

1. These two parties work together. But the interest of each is against the interest of the other. The employer is only concerned with his property which in turn may be related to the financial interest of a number of stockholders, while the employees or their organization is interest in their material needs, seeing that they are the ones daily building and expanding the property.
  
2. The antagonism is manifested deeply in the relations such that the lesser the employer pays the workers; the more profits he declares. This rather hostile experience triggers resentments on the part of the workers who insist on better remuneration. Conversely, therefore, the more workers are paid, the less profit the employer would make. So, there is of necessity, a relationship of antagonism in the work place. There must be disagreement and resolution of agreement, to keep both parties happy. According to Damachi (1986), “the Union which is in constant and total with management has ceased to be a union. The same is true for management”. There are four primary theories of industrial relations: Unitarist, Pluralist, Marxist and radical. These theories emphasize different elements of the industrial relations process and/or function, depending on the values and standard venerated by the philosophy.

### Unitarist Theory

The unitarist theory of industrial relations emphasizes the co-dependency of employers and employees. To a unitarist, an organisation is an integrated, friendly and collaborative whole. Unitarist do not favour employee unions. They believe that such an organization would detract from employee loyalty to a company (disrupting the bond between and employees).

From employee point of view, unitary approach means that;

1. Working practices should be flexible. Individuals should be business process improvement oriented, multi skilled and ready to tackle with efficiency whatever tasks are required.
2. If a union is recognized, its role is that of a further means of communication between groups of staff and the company.
3. The emphasis is on good relationships and sound terms and conditions of employment.
4. Employee participation in work place decisions is enabled. This helps in empowering individuals in their roles and emphasizes team work, innovation, creativity, discretion in problem-solving quality and improvement groups etc.
5. Employees should feel that the skills and expertise of managers supports their endeavours.

From the employer point of view, unitary approach means that:

6. Staffing policies should try to unify efforts, inspire and motivate employees.
7. The organization's wider objectives should be properly communicated and discussed with staff.
8. Reward system should be so designed as to foster secure loyalty and commitment.
9. Line managers should take ownership of their team/staffing responsibilities.
10. Staff-management conflict - from the perspective of unitary framework - are seen as arising from lack of information, inadequate presentation of management's policies.
11. The personal objectives of every individual employed in the business should be discussed with them and integrated with the organization's needs.

### **Pluralist Theory**

Pluralist theory emphasizes the representative function of management and trade unions, and it reinforces the value (and legitimacy) of collective bargaining.

Pluralist recognizes organization within management and within unions as legitimate. They believe that management's primary function is to co-ordinate, communicate and persuade, rather than

control or demand. The implications of this approach include:

- The firm should have industrial relations and personnel specialists who advise managers and provide specialist services in respect of staffing and matters relating to union consultation and negotiation.
- Independent external arbitrators should be used to assist in the resolution of disputes.
- Union recognition should be encouraged and union representatives given scope to carry out their representative duties.
- Comprehensive collective agreements should be negotiated with unions.

### **Radical Theory**

Not to be confused with Marxist theory, radical theory sees industrial relations as a necessary (but not ideal) result of employees protecting themselves from powerful big-business.

Radicals believe that profit - hungry corporations have a regard (aside from legal obligations) for their employees, and are willing to profit off of them at any available opportunity

### **Marxist Theory**

The Marxist theory of industrial relations claims that capitalism breeds corruption and greed, leaving the employee to suffer while corporations rake in profits.

Marxist claims that institutions would be far better employers if run as state organizations while compensation would be standardized to promote a co-operative, non competitive work environment

**Industrial Relations in Nigeria’s Oil and Gas Sector**

The oil and gas sector of the Nigerian economy is highly active in term of labour union activities. The oil and gas sec creates over 65 000 direct jobs in Nigeria and more than 250,000inflon-direct employment (Fajana, 2005).

In order to promote social dialogue in the oil and gas in Nigeria, social partners share the responsibility of ensuring that good industrial relations, unity and productivity reign in the oil sector.

However, Onwe (2014) observed that:

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. Worse 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 mediation, conciliation, arid arbitration. These characteristics no doubt imply untimely management of industrial conflicts.

According to Damachi (1985) and Otobo (2006), Industrial conflicts became serious issues in Nigeria since the beginning of 1980s, following the experience of adverse consequences of the then ‘neoliberal reforms Labour res government policies with the emergence of dictatorship by enthusiastically embarking on general strikes in the years: 1921, 1945, 1981, 1994, 2000 and 2004 The available statistics on the structure and profile of trade disputes and strikes in Nigeria between 1970 and 2002 is presented below in table 1 and 2.

**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	94	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

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1976	230	125	52,242	148,141
1977	172	93	59,270	136,349
1978	142	78	59,270	136,349
1979	155	265	204,742	2,350,998
1980	355	265	221,088	2,350,998
1981	258	234	323,700	2,218,223
1982	341	233	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	2,269,037
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

**Table 2: Strike profile in Nigeria, 1951 – 2002**

Period	Average Frequency	Average Breadth	Duration
1951 – 1959	42.000	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 situation is not better off in the oil and Employment, Dr. Chris Ngige was quoted in gas sector. The Minister of Labour and The Guardian, Thursday 29 September,

I have before me, petitions which border on Industrial and employment relations retrenchment, casualization, redundancy as well as unfair treatment of Nigerians in the employ of the oil majors.

Strategies for Industrial Conflicts Management in Nigeria’s Oil and Gas Sector

Conflict is inevitable in labour-management relations. According to Fajana (1995),

It is on record that industries in 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

2016 during a meeting with NUPENG, PENGASSAN officials and contractors in the oil and gas sector thus:

industrial conflict is defined as the inability of the employers and employees to reach agreement on any issue connected with the subject of employers-employee’s interactions. Industrial conflict has been described with various concepts such as strike; strike action; industrial unrest; industrial disharmony; industrial dispute; etc (Adeoti, 1998).

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.

Some of the methods used for preventing and settling industrial disputes are:

(1) collective bargaining (2) mediation (3) conciliation and (4) arbitration. Let briefly explain no 2, 3 and 4 and collective bargaining in detail.

**Mediation:** Mediation is an attempt to settle disputes with the help of an outsider who attempts to stimulate labour and management to reach some type of agreement. The mediator unlike an arbitrator, cannot decide the issue. He/she listens, suggests, communicates and persuades. He/she does not give any award.

**Conciliation:** Conciliation is merely bringing together by a third party the two parties in disputes.

**Arbitration:** Arbitration is resorted to when the parties fail to arrive at a settlement by voluntary method. The parties to the dispute may then appoint an arbitrator and refer the dispute to him/her. The arbitration award is binding upon the parties who referred the dispute to arbitration. Arbitration can either be voluntary or compulsory.

1. Collective bargaining is a formalized (c) Collective bargaining goes beyond process by which employers and the process of negotiation between

The first step and likely, the most important in industrial conflict resolution is that of COLLECTIVE BARGAINING. The International Labour Organisation (ILO, 1949) described collective bargaining thus:

Voluntary negotiation between employers or employers' organizations and workers' organization, with a view to the regulation of terms and conditions of employment by collective agreements.

Infact, collective bargaining is a fundamental right as rooted in ILO constitution and reaffirmed as such in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. According to ILO, the typical issues on the bargaining agenda include wages, working time, training, occupational health and safety, and equal rights.

Adewole and Adebola (2010) citing Yesufu (1982), Omole (1983), Unbek (1985) and Benjamin and Hideaki (2004) identified the essential features of collective negotiation as follows:

independent trade unions negotiate unions and employers on issues terms and conditions of employment directly affecting condition of and the ways in which certain employment. It also means limiting

employment-related issues are to be unilateral decisions and actions by employers and governments.

regulated at national, organizational and workplace levels.

(d) Strong stable well focused and

2. It is a group process, wherein one

democratically run unions expand group representing the employers, the scope of collective bargaining and the other, representing the and thereby strengthen industrial employees, sit together to negotiate democracy.

terms of employment.

However, collective bargaining in the oil

3. Collective bargaining is a continuous process. It enables industrial democracy to be effective. It uses cooperation and consensus for settling disputes rather than conflict and confrontation.

4. Collective bargaining is a complementary process i.e. each party needs something that the other party

employers or government, aimed at collective agreement.

(b) Collective bargaining is seen as the most rational process of determining and reviewing the terms and conditions of employment. The process manifests the power relationship between the employers and trade unions.

has; labour can increase productivity and management can pay better for their efforts.

The Nigeria Labour Congress (NLC) Policy on Collective Bargaining states as follows:

(a) Collective bargaining is the process of negotiations on a whole range of issues bordering on the regulation of the terms and conditions of employment between workers and and gas sector, nay, Nigeria generally, has not been very successful. The Nigeria Labour Congress identified some problems that have hindered the successful implementation of collective bargaining. They are itemized as follows:

(a) A large number of Nigerians in the wage sector are still un-unionised. This may be due to the following factors: (i) Hostility on the part of employers (as in the cases of the new generation financial institutions; domestic airlines/road transport operators and most indigenious entrepreneurs engaged in various pursuits). (ii) A legal restriction (prohibition of some employees in civil establishments from unionization). (iii) Inability of some unions to effectively unionise their potential members.

- (b) A large number of unionized workers particularly in the public sector are not covered by formal and well structured bargaining machinery, which often lead to ad-hoc negotiations, occasioned by industrial crisis.
- (c) Most government parastatals, with few exceptions, have no collective bargaining machinery; nor do unions negotiate with their management. Yet, the legislation, which established these parastatals, empowered their Board of management to independently review conditions of service. Most of these boards were not constituted during the period of prolonged military rule. Sole Administrators were appointed to take charge of these Boards.
- (d) In the core civil service, the age long negotiating machinery became dormant in the 1990s and was only resorted to during severe industrial crises.
- (e) In the private sector, with the exception of the petroleum and print media industry industri wide es, jo theint re n eexgotistis ati nagn council for each sector. The joint Negotiating councils have functioned relatively well except that collective agreements freely entered into are subject to ministerial approval by the Federal Ministry of Employment, Labour and Productivity.
- (f) The Trade Unions Act Cap 437 section 24:1 guarantees unconditional recognition of trade unions by employers. Employers often recognize unions without recognizing that their right to exist entails the right to collective bargaining.
- (g) Though the Nigerian government has ratified ILO convention 98, which guarantees the right to organize and to bargain collectively, the governments yet to ratify convention 151 on labour relations (Public service, 1978), which makes it obligatory to institute collective bargaining machinery in the public sector.
- (h) Dispute settlement in Nigeria provides for mediation, conciliation and compulsory adjudication through the Industrial Arbitration Panel (IAP) and National Industrial Court (NIC). Over the years however, conciliation and mediation, which are functions of labour administration, have greatly declined due to neglect by the Ministry of Labour. The processes for access to both IAP and NIC are largely through the Minister of Labour. In addition, awards are not made directly to the parties but through the Minister, who has theright to refer to parties back to the panel.
- (i) The problems of collective bargaining in Nigeria, in term of its restricted nature, and the relative large number of workers outside its coverage, emanate from developments in the national policy.

- (j) The development and practice of collective bargaining are dependent on trade union consciousness, the attitude of the public towards the trade unions and the level of respect for human rights industrial democracy by the Nigerian government.
- (k) Prolonged military rule in Nigeria led to the enactment of the twin policies of “limited intervention and guided democracy” in government/labour relations in 1975. The above twin policies led to the enactment of numerous trade union laws which undermined trade union rights, tended to co-opt the union while also creating situations of fear, uncertainty and direct interference in the trade unions.
- (l) Prolonged military rule and abuses in governance have created and perpetuated economic crises and the attendant massive unemployment, insecurity of employment, factory closures, inflation and general social dislocation.
- (m) The above developments have led to the systematic elimination of the middle class in Nigerian society and the emergence of a vast army of depressed, frightened working class, on the one hand, and a tiny super rich money class on the other hand. This tiny super rich money class derived often its wealth from doubtful entrepreneurship.
- (n) This impacted negatively on trade unions thus; A weakened their organizations; Disoriented and disempowered the workers.
- (o) The factors that weaken collective bargaining also include: (i) fear of official victimization/intimidation by government and employers. (ii) lack of awareness of negotiation objectives by workers because of ineffective communication between bargainers and members (iii) requirement for ministerial approvals of agreement reached (iv) capacity and ethical problems (v) narrow composition of public service negotiating councils (vi) decentralised collective bargaining in the public sector. In the above circumstances, it is inconceivable for collective bargaining to thrive.

Collective bargaining remains the most viable option for achieving industrial harmony. Industrial arbitration tribunals/courts are only applicable on the failure of the collective bargaining. However, in view of the enormity of the problems hindering the successful application of collective bargaining, there is need to find a mutually acceptable outcome for the social partners in the industrial environment.

**Conclusion and Recommendations** The paper reviewed the importance of the oil and gas sector to the Nigerian economy. The 2014 statistical “rebasing” of Nigerian GDP made Nigeria the biggest economy in Africa but growth has been limited in recent times as a result of the slump in oil production, arising from militants’ attacks on oil-related infrastructures. Nigerian economy is actually in recession. Arising from the recession is the threat to industrial relations in the oil and gas sector as a result of job cut, redundancy, casualization, wage cut, etc.

Nigeria is a mixed economy which made its industrial relations practices to be captured by the pluralistic theory. The Nigerian labour laws also recognized collective bargaining as a means of resolving industrial disputes. Other methods of resolving industrial conflicts include mediation, conciliation and arbitration.

The paper identified collective bargaining as the best model for handling industrial disputes because of its democratic nature among other advantages. However, the Nigeria Labour Congress (NLC) identified several problems hindering the effective application of collective bargaining in the oil and gas sector.

The question therefore is what is the mutually acceptable outcome for the social partners in the collective bargaining process especially during the period of economic recession? The paper recommends as follows:

Nigeria being a mixed economy should adopt some of the advantageous principles of the Marxist/radical theory of industrial relations. For example, if the government must go ahead with the sales of national assets as canvassed in government circles, workers must as a matter of necessity be made to own substantial shares in the assets to be sold.

- All anti-labour legislations should be repealed or amended. For example, labour laws on contract employment in the oil and gas sector deserve a critical look.
- The immediate passage of the Petroleum Industry Bill (PIB) is of paramount importance as it will reduce tension in the industry and by implication, industrial relations.

- Social partners (labour and management) should enhance the inclusiveness of collective bargaining and collective agreements as a panacea for reducing inequality and for expanding protection of labour.

In this regards, this paper aligns itself with the seven important prerequisites for a successful collective bargaining as shared by Smriti Chad as stated below:

- (i) The parties must attain a sufficient degree of organization. If the workers' organization is weak, employers can say that it does not represent the workers and will refuse to negotiate with it. Unless the workers are able to form strong and stable unions, collective bargaining will not be successful.
- (ii) Freedom of association is essential for collective bargaining. Where there is no freedom of association, there can be no collective bargaining. Freedom of association implies that the workers as well as employers will have right to form an organization of their own to protect their interests.
- (iii) There should be mutual recognition between both groups. Collective bargaining cannot begin if the employers do not recognize the workers' organization. The conflict of interests makes the two groups hostile to each other.

They must recognize each other and realize that adjustment and understanding is essential for the achievement of organizational goals.

- (iv) There must exist a favourable political climate, essential for successful collective bargaining. If the government encourages collective bargaining as the best method of regulatory conditions of employment, it will be successful. Where the government restricts trade union activities, there can be no collective bargaining.
- (v) Agreement must be observed by those to whom they apply. The workers' organization must be strong enough to exercise its authority over its members. If the trade union has no power over its members, collective bargaining will not be effectively implemented.
- (vi) A give and take policy must prevail in the organization. The difference between the two parties can be adjusted only by compromise so that an agreement can be reached. Neither side should be too rigid on its demand. Their attitudes should be flexible and both sides should be ready to give up some of its demands. Unions should not rigidly insist upon unreasonable demands and should be ready to reduce its demands to come to an agreement.
- (vii) Sometimes unfair labour practices are resorted to by both employers and the trade unions. These will restrict the development of collective bargaining. Unfair labour practices should be avoided by both sides, as this will create an atmosphere of goodwill.

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