

**ADHOC 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 adhoc arbitration patterns and organizational harmony of Oil and Gas Industry in Port Harcourt. The study variables were reviewed. 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: Adhoc Arbitration, Domestic Institutional Arbitration, Organisational Harmony, Organisational Culture

INTRODUCTION

The word arbitration means settlement of industrial dispute between two or more parties by means of a decision of an impartial body when efforts in the process of conciliation and mediation have failed. An industry is a social world in mini nature where an association of variety of individuals like employers, executives, supervisory personnel and employees interact and create a relationship known as industrial relations. However industrial life creates services of social relationship which regulate the relationship and working life of a wide variety of people either directly or indirectly (An, 2022). Due to inability of management to meet up employees needs give reasons for unpeaceful workplace which could manifest through industrial actions such as strike, lockout, picketing, work-to-rule etc. (Laden, 2012).

It will see an increasingly large proportion of international complications in the future. But it cannot settle all of them, industrial arbitration is for resolving industrial disputes, particularly those relating to the terms and conditions of employment, Bognanno, (1992), industrial arbitration refers to the process of resolving labor disputes between an employer and a union, union member, or union representative with the assistance of a third-party neutral, Robert Jr, (2023). The key aspects of industrial arbitration include; neutral third-party intervention, employer-employee disputes, union involvement and expertise in labor law and practice.

Thus, organizational harmony become a necessity, in order for any organization to achieve its goals and objectives, there must exist a harmonious relationship between the management and the employees. In this study, organizational 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. 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. Having an industry which is characterized by absence of strike by industrial unions in organization which is bound to result in effective and efficient organization is 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 (Osad & Osas, 2013). Nevertheless,

the study measures industrial harmony in terms of healthy management-employee relationship, less industrial action and cooperation.

For Oil and Gas Industry in Port Harcourt such as African Oil Field Services Gas Services limited, Afro Rivers Nigeria Limited, Multi –Tech Oilfield Services Limited, Snig Nigeria Limited, Afritex Energy Services, Alcon Nigeria Limited, Bee Drilling Services Limited, GE Oil and Gas, Nest Oil Limited, Ciskon Nigeria Limited, HS Petroleum Limited, Weatherford Oil Services, Chevron Nigeria Limited, Total Energies, etc. to enjoy a peaceful and harmonious industry, they must as a matter of fact create a healthy relationship between management and employees. This is because reasonable level of relationship between management and employee improves communication as well as mentoring. These gives employees sense of belonging owing to the fact that their superiors care about their feeling. Thus, healthy management-employee relationship represents the initiation and maintenance of a courteous, polite and honest social association, connection or affiliation between management and employees in industry.

Employees at all level in an industry need high level of cooperation for attainment of industrial goals. This is because organization cannot survive when employees are not happy with themselves. Thus, cooperation focuses on the interaction within individuals, groups and organizations, and the subsequent psychological relationships either for common gain or benefit (Gilani, 2019). Conceptually cooperation refers to commonality of aim and comprehension between management and workers of an organization demonstrated by effective communication and respect to mutual agreements. Dos-Santos, *et al.* (2016) averred that employee who cooperate with others and strive for mutual accomplishment should be encouraged because a win-win attitude leads to a favorable result for all involved parties and subsequently leads to organizational growth.

Since conflict is inevitable in every organization, Oil and Gas Industry is not left out. It is the duty of management of these firms to choose a better patter of resolving industrial disputes that may arise. One of these ways or patterns is through industrial arbitration. Operationally, industrial arbitration patterns are methods or procedure in which an industrial dispute is submitted by agreement of the parties to one or more authorities who make a binding decision. According to CM Guest Columnist (2021), arbitration's primary benefit is the freedom that it provides to parties to resolve their dispute in a manner different than that adopted in national courts, as they consent to it on their own and they agree to this, it is a choice, not an obligation for either of the parties to follow. It avoids hostility and tension between the parties involved, as just the mere thought of a court room or a judge listening from his/her bench could be quite stressful. However, industrial arbitration pattern is dimensionalized through domestic institutional arbitration, international institutional arbitration and ad-hoc arbitration.

Aim and Objectives of the Study

The purpose of the study was to determine the relationship between adhoc 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 ad-hoc arbitration and healthy management-employee relationship of Oil and Gas industry in Port Harcourt.
2. To determine the relationship between ad-hoc arbitration and less industrial action of Oil and Gas in Port Harcourt.
3. To determine the relationship between ad-hoc arbitration and cooperation of Oil and Gas Industry in Port Harcourt.

Ad-hoc Arbitration

According to Walker (2023), ad-hoc arbitration is any arbitration in which the parties have not selected an institution to administer the arbitration. This offers parties flexibility as to the conduct of the arbitration, but less external support for the process. It can be quicker than institutional arbitration but not if the parties run into difficulties with the appointment or conduct of the tribunal.

Many parties and lawyers are used to it and do not consider that an institution would add value to their arbitrations. Arbitration clauses may be amended after a dispute has arisen, or even after an arbitration has been commenced, in order to remove the proceedings from the hands of an institution and have them conducted on an ad hoc basis instead (Walker, 2023). In ad hoc arbitration, there is no institutional arbitration center that manages the arbitration process. The arbitration process is conducted by the parties and the arbitrator(s) and, in some cases, an arbitrator's secretary appointed by the arbitrator. The rules under which the arbitration proceedings will be conducted are generally the procedural rules in the arbitration laws in force under the law of the country agreed as the place of arbitration.

This study defines ad-hoc arbitration as a form of dispute settlement where the parties and the arbitrators independently determine the procedure, without the involvement of an arbitral institution. It can be designed according to the needs of the parties, especially when the interests of the parties are great, or a government agency is involved. Parties can set their own rules in arbitration, create their timelines, and allow arbitration to proceed at their own desired pace. The process is flexible in that the parties decide to cooperate and the dispute resolution process. However, the fact that the parties have different nationalities and legal systems may prevent the parties from agreeing on the procedure at this point and may cause delays (Abimbola, *et al.*, 2023). It is less expensive than institutional arbitration because parties only need to pay court fees for arbitrators, attorneys, or representatives. The costs of conducting the proceedings are also usually less than the fees payable to any arbitration institution. The parties are free to decide where the hearing will take place. Arbitrator fees are not negotiated in institutional arbitration, the fees are determined by the institution, but this negotiation is possible in Ad Hoc arbitration.

Zeck (2022) posit that in case of procedural failure, since there is no oversight of an arbitration institution, it is possible to seek assistance from state courts that are in charge and authorized within the scope of the arbitration regulations included in the arbitration law. This can lead to delays and unpredictable results in arbitration proceedings. For example, in cases where the respondent does not appoint an arbitrator, the claimant has to apply to the state court and request the appointment of an arbitrator. Continuing the proceedings in the absence of a party may be risky because the absent party may appeal the decision, arguing that the arbitral tribunal did not provide a fair hearing.

Indicators of Ad- hoc arbitration Conciliation

- i. Conciliation is a proceeding in which the parties attempt to
- ii. reach an agreement in order to resolve a conflict by means of
- iii. a proceeding guided by one or more impartial third parties
- iv. (conciliator or a Conciliatory Commission, when several),
- v. Conciliation is a proceeding in which the parties attempt to
- vi. reach an agreement in order to resolve a conflict by means of
- vii. a proceeding guided by one or more impartial third parties
- viii. (conciliator or a Conciliatory Commission, when several),
- ix. Conciliation is a proceeding in which the parties attempt to
- x. reach an agreement in order to resolve a conflict by means of
- xi. a proceeding guided by one or more impartial third parties
- xii. (conciliator or a Conciliatory Commission, when several),
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- xiv. reach an agreement in order to resolve a conflict by means of
- xv. a proceeding guided by one or more impartial third parties
- xvi. (conciliator or a Conciliatory Commission, when several),
- xvii. Conciliation is a proceeding in which the parties attempt to
- xviii. reach an agreement in order to resolve a conflict by means of
- xix. a proceeding guided by one or more impartial third parties

Conciliation is a flexible and informal process, and the conciliator's approach may vary depending on the specific situation. The process is confidential, and the conciliator maintains neutrality throughout. Conciliation is an effective alternative method used to resolve environmental conflicts; it, therefore, depicts an alternative path to access justice.

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Mediation

The United Nations (UN) Guidance for Effective Mediation describes mediation as a voluntary process "whereby a third party assists two or more parties, with their consent, to prevent, manage or resolve a conflict by helping them to develop mutually acceptable agreements". (in international law) A method for the peaceful settlement of an international dispute in which a third party, acting with the agreement of the disputing states, actively participates in the negotiating process by offering substantive suggestions concerning terms of settlement and, in general, by trying to reconcile the opposing claims and appeasing any feeling of resentment between the parties involved. The mediator's role in ad-hoc arbitration is to assist in identifying potential settlement options, identify common goals and interests, help the parties negotiate a settlement etc.

Settlement Agreement: a settlement agreement in ad-hoc arbitration is a written contract between the parties that resolves the dispute. It outlines the terms and conditions agreed upon by the parties, including dispute resolution, the parties agree to settle the dispute and withdraw the arbitration proceedings, release and waiver, the parties release each other from further claims and waive their rights to pursue further legal action, dispute resolution mechanism, the process for resolving any future disputes arising from the settlement agreement. The settlement agreement is a binding contract, and the parties are required to comply with its terms. The arbitrator may assist the parties in drafting the settlement agreement, but it is not a party to the agreement. A well-drafted settlement agreement provides certainty and finality to the dispute solution process, allowing the parties to move forward with their business relationship or otherwise.

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 (Akpooyovwaire, 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.

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.

Olukayode (2015) studied impact of workplace conflict management on organizational performance, being a case of Nigerian Manufacturing Firm. This study investigated the impact of workplace conflict management on organizational performance in a Nigerian manufacturing firm. Participants comprised 250 employees selected through the use of stratified random sampling technique. Data were generated through the use of validated structured questionnaire. Descriptive and inferential statistics were employed to analyze data collected from the respondents. Employing Spearman correlation analysis, the results of the empirical tests showed a significantly positive relationship between conflict management strategies (collective bargaining, compromise, and accommodation) and organizational performance. Non-integrative conflict management strategies (competition, domination and avoidance) had a negative statistically determinate effect on organizational performance. Also, the result of the regression analysis indicated that collective bargaining strategy displayed the highest significant positive correlation with organizational performance. In addition, study findings revealed that conflicts arose over multiple factors of organizational experiences based on economic and goal incompatibility orientations in the workplace. Union-management conflict was discovered as the most prevalent type of industrial conflict in the organization. The study concluded that conflict was an unavoidable phenomenon in organizational life and it could contribute to or detract from organizational performance depending on the conflict management methods adopted in the workplace.

CONCLUSION

Based on the analysis and discussion of findings, the study concluded that adhoc arbitration patterns enhance industrial harmony of Oil and Gas firms in Rivers State. Perpetual improvements and adequate resolution of industrial conflict through the 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 that inter state arbitration process should be taking seriously since it's a multinational company.
2. Management of oil and gas firms should always cooperate with union representatives in order to avoid industrial actions in their organization
3. 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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