

## Conflict Management Strategies and Stakeholders' Satisfaction in Oil Services Firms in Bayelsa State, Nigeria

Emelah Gentle E. & B. C. Onuoha

University of Port Harcourt

### Abstract

*This paper empirically examined the extent to which conflict management strategies affect stakeholders' satisfaction within oil servicing firms in Bayelsa State. Two hundred copies of questionnaire were distributed to four local government areas in Bayelsa State namely; Ekeremor, Sagbama, Ogbia and Southern Ijaw LGAs. Out of the two hundred copies that were randomly distributed, 198 copies were retrieved and used for data analyses. Our hypotheses were tested with multiple regression and our findings show that compromising has more effect on stakeholders' satisfaction than accommodating and collaborating. The study further recommends that there is no best strategy to handling conflict in the world as the best practice in a given location may be the worst in another location.*

**Keywords:** conflict, management, strategy, stakeholders' satisfaction, Bayelsa

### Introduction

According to Clarkson (1991), stakeholders can be described as an individual, group of individuals or institutions who are affected (favorably or unfavorably), by the daily operations of an organization. This is to say that such persons, group of persons or institutions have a stake in the organization (Onuoha, 2008). In considering the opinion of Freeman (1984), stakeholders can be categorized for instrumental reasons and normative reasons. Instrumental reasons were borne out of the fact that not all individuals, groups or institutions who can affect an organization can be affected by the firm achieving its objectives and secondly there are those individuals, groups or institutions that can affect and are often affected by the firm's achievement of its objectives. Consequently, the normative reason is born out of the fact that not all individuals, groups or institutions who are often affected by the firm achieving its objectives can affect the organization (Freeman, 1984). The definition by Clarkson (1991), viewed stakeholders as those individuals, groups or institutions who are linked to the organization through explicit contract (such as employees and investors), implicit contracts (such as customers) as well as those who have neither explicit or implicit contracts. This third group of stakeholders are often unaware of their relationship with organizations until they are faced with either a favorable or unfavorable situation.

Conflict can be defined as a situation where there are incompatible goals, emotion or cognition between or within two or more individuals, groups or institutions which would lead to opposition (Uya, 1992). From this definition, we can deduce three fundamental elements surrounding conflict and they are situation whereby the desired outcomes are not compatible between groups, cognitive component and affective

components. Cognitive aspects deal with conflict related to incompatibility of ideas while affective component deals with incompatibility in emotions. Conflict in itself can have a positive or negative effect depending on how effectively they have been managed. According to Adeyemi and Ademilua (2002). Conflict management can be defined as an attempt to regulate/control through several means. It can also be defined as the art and science of planning, organizing and controlling as well as anticipating conflict in such a way that its outcome is beneficial to the organization. Conflict management strategies are internal mechanism used by organizations to resolve conflict. Managing conflict through effective conflict management strategies creates a cooperative atmosphere which promotes opportunities and movement directed towards non-violent responses and reduced conflict of interest (Uchendu, Anijaobi & Odigwe, 2013).

### Statement of problem

One of the greatest crises between oil servicing companies and members of host communities can be traced to 1978 when the Obasanjo administration established land use act which conferred on the federal government, all right of the people to livelihood (Falode, Ogedengbe & Bickersteth, 2006). The compensation for loss of communal land has also increased the rate of conflict arising from these host communities. Members of these communities who are basically farmers and fishermen have no other source of livelihood. Even the few pieces of land available for farming and available rivers became contaminated because of oil spillage. It is quite unfortunate that successive governments in Nigeria have not had the interests of rural development where these oil service activities are going on as well as environmental conservation. They

have interest on the revenue derived from crude oil more than any other thing. In over fifty years of oil exploration in Bayelsa, its communities have witnessed a lot of social dislocation neglect and environmental degradation even though it was the very first location where crude oil was discovered in 1956. A recent crisis occurred between Amatu II and Iduwini Communities in Ekeremor Local Government Area during the election of members of the community Trust of Shell Petroleum Development Company (SPDC). According to Idio (2018), the clash was because of one of the handpicked candidate was losing the election. This is not far from reports received in 2014 from the people of Okoroba community in Nembe Local Government Area who accused the Nigerian Oil Company (NAOC) of fueling crisis between them and Agrisaba community (Premium Times, 2014). This was because NAOC

used divide and rule functions in solving issues related to oil spill which occurred along BRASS/OGODA pipeline. The crude oil that should be a blessing to citizens in Nigeria has turned out in recent times to become a source of death and sorrow. It is on this foundation that this study examines the extent to which conflict management strategies would affect stakeholder's satisfaction in oil servicing firm in Bayelsa State.

**Objectives of the Study**

- i. To examine the extent to which collaborating influence stakeholders' satisfaction
- ii. To investigate the extent to which compromising influence stakeholders' satisfaction
- iii. To ascertain the extent to which accommodating influence stakeholders' satisfaction

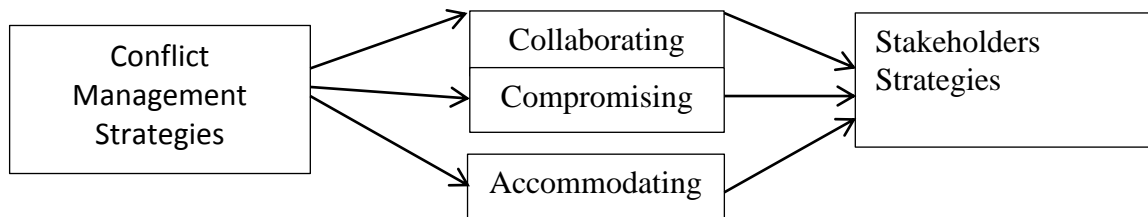


Fig. 1. Operational Framework

**Hypothesis**

- Ho<sub>1</sub>: Collaborating does not influence stakeholders' satisfaction
- Ho<sub>2</sub>: Compromising does not influence stakeholders' satisfaction
- Ho<sub>3</sub>: Accommodating does not influence stakeholders' satisfaction

**Theoretical Framework**

This work is anchored on Situational Theory and Stakeholders Theory.

**Situational theory** was proposed by Gruning and Hunt (1984). It believes people can be characterized or defined according to the volume of awareness they have towards their problems and the degree to which they seek the most suitable solution (Baskin, Aronoff & Littimore, 1997). Gruning & Hunt (1984) further described active public as one which seeks well processed information concerning an issue of interest or an organization. Three factors make up an active society or public and they are; problem recognition, constraint recognition as well as level of involvement. The Niger Delta people in general as well as Bayelsa State have recognized their problems in physical economic and ecological dimensions. They have

further identified that both the government and oil companies are the obstacles and they believe that they can overcome only through violence. Lastly, the way they have carried out their violence and protest show clearly how much they care about the problem.

The second theory considered is **stakeholder theory** as developed and championed by Freeman & Reid (1983) as well as Freeman (1984). This theory believes every organization consist of individuals or group of individuals who benefit from or are harmed by organizational activities. According to Dougherty (1992) and Ray (1999), stakeholders can be grouped into four parts namely normative public, functional publics, enabling publics as well as diffused public. Normative republic consists of professional bodies, trade union etc., functional public consists of suppliers employees and customers, enabling public refer to those who provide leadership for organization such as board of directors, shareholders, etc. Finally, diffused public are those stakeholders who emerged as a result of an external consequences for organizational activities example media, residents, community, environmentalist etc. According to Donald & Preston (1995), stakeholder theory is

descriptive, instrumental, formatively normative and managerial. Hence, it is useful for the study.

### **Conflict Management Strategy**

Where there are two or more individuals interacting among themselves, conflict is bound. Conflict can be defined as a form of struggle overpower, scarce resources, values, etc. in which the aim of opponents are to injure, neutralize or eliminate the rivals (Coser, 1956). Conflicts are unavoidable concomitant of decision and choices as well as expression of the basic facts of human interdependence (Zartman, 1991). Some of the sources of conflict can be inconsistencies in goals, usurpation by another component of the society, competition over goals and objectives, increased desire for authority and autonomy, scarcity, breakdown in communication (Folarin 1998). The history of conflict in Nigeria can be traced to the pre-colonial era where people (locals) agitated for trade terms that were fair to their communities. It was manifested in ways of misunderstanding between the people of Niger Delta and the Europeans. Such crises were led by King Jaja of Opopo, King Koko of Nembe, Nana Olomu of Itsekiri, etc.

Conflict management refers to the process whereby negative aspects of conflict are minimized while maximizing the positive effects (Lawrence & Lorsch 1967). When conflicts are effectively managed, they bring about improved group activities. When they are not properly managed, they bring about crisis. Conflict management strategies according to Thompson (1992) and Robinson (2006) includes accommodating, avoiding, collaborating, compromising and competing. By accommodating, there is a willingness on the part of one party to place his opponent's interest above his own. By avoiding, there is the willingness of one party to withdraw from a conflict. By collaborating, there is a desire to satisfy all parties involved, by compromising; we see a process whereby parties involved in conflict are willing to give up something while competing has to do with a desire to satisfy one's interest regardless of what the other party feels.

### **Stakeholders' Satisfaction**

### **Data Analyses**

Table 1. Copies of questionnaire distributed and returned

According to Gray (2009), stakeholder can be defined as an individual or group that can be influenced by organization activities and can on its own influence the actions of an organization. This definition is in line with the definition proffered by Freeman(1984) and Clarkson(1991). However, while Freeman (1984) emphasized the achievement of organizational objectives as a catalyst for stakeholder relationship, Gray (2009) considers the action organization as a necessary factor which can trigger organization-stakeholder relationship. The striking similarity between these definitions lie in the fact that there is an acknowledgement of both legitimate stakeholders as well as those stakeholders who are strong enough to affect the activities of the firm. Therefore, there is a consciousness towards the instrumental and normative justification for considering them in the process of decision making.

Oil servicing companies cannot do well within their host communities when relevant stakeholders are not satisfied. Satisfaction could be drawn from ecological factors which relates to how well these companies clean up oil fields after exploration activities. It could be attributed to how much scholarship indigenes from host communities have benefited, it can also come inform of provision of good road, electricity, employment as well as part of corporate social responsibilities. According to Onuoha (2012), business owe responsibilities to its stakeholders such as its owners, investors, employees, suppliers, customers, competitors, government as wells as towards the society. Satisfaction from these stakeholders could go a long way to reduce militancy in the Niger Delta which has been a great concern to both the government the companies and host communities.

### **Methodology**

This study was conducted in four local governments in Bayelsa state. 50 copies each were randomly distributed to each of these LGAs. Quasi-experimental research design was adopted and since we are looking at cause-effect relationship, multiple regression was used in testing our null hypotheses.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EKEREMOR	50	25.3	25.3	25.3
	SAGBAMA	50	25.3	25.3	50.5
	OGBIA	49	24.7	24.7	75.3
	SOUTHERN IJAW	49	24.7	24.7	100.0
	Total	198	100.0	100.0	

Out of the 200 copies that were randomly distributed to each of the LGAs, 50 copies each were retrieved from both Ekeremor LGA and Sagbama LGA while

49 copies each were retrieved from Ogbia and Southern Ijaw LGA which makes it a total of 198 copies used for data analyses.

Table 2. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543 <sup>a</sup>	.294	.284	1.915

a. Predictors: (Constant), Collaborating, Accomodating, Compromising

Our model summary shows a coefficient of determinant (R Square) of 0.294 which implies that 29.4% of the outcome of our dependent variable (stakeholders satisfaction) is accounted for by our

predictor variables (collaborating, accommodating and compromising) the other 70.6% are accounted for by other variables not included in this study.

Table 3. Anova table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	297.072	3	99.024	26.989	.000 <sup>b</sup>
	Residual	711.801	194	3.669		
	Total	1008.874	197			

a. Dependent Variable: Stakeholders\_Satisfaction

b. Predictors: (Constant), Collaborating, Accomodating, Compromising

Anova table shows a p-value of 0.000 which is less than alpha of 0.05. this implies that both

collaborating, accommodating and compromising affects stakeholders' satisfaction.

Table 4. Coefficients table for test of hypotheses

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.952	.997		8.983	.000
	Accomodating	-.186	.048	-.306	-3.900	.000
	Compromising	.375	.069	.579	5.428	.000
	Collaborating	.066	.049	.128	1.359	.012

a. Dependent Variable: Stakeholders\_Satisfaction

H<sub>01</sub> Accommodating does not influence stakeholders' satisfaction

stakeholders satisfaction. However, there was a significant p-value of 0.000 which is less than alpha level of 0.05. we therefore reject the stated null hypothesis.

Our first hypothesis shows that there is a weak coefficient (-0.306) between accommodating and

H0<sub>2</sub> Compromising does not influence stakeholders' satisfaction

Our second hypothesis shows the strongest coefficient (0.579) between compromising and stakeholders satisfaction. It also shows a p-value of 0.000 which is also less than 0.05. we would also reject the stated null hypothesis.

H0<sub>3</sub> Collaborating does not influence stakeholders' satisfaction

Finally, collaborating also has a significant effect on stakeholders' satisfaction with a coefficient of 0.128 and a p-value of 0.012 which is also less than alpha of 0.05. The null hypothesis is also rejected.

### Summary of Findings

This study revealed that over 29.4% of the outcome of stakeholders' satisfaction is predicted by conflict management strategies. It also revealed that compromising had the strongest effect on stakeholders' satisfaction while accommodating had the weakest effect. It further revealed that all the cause-effect-relationships had p-values less than 0.05 which shows that a relationship truly exists amongst them.

### Conclusion

This study revealed that conflict management strategies significantly accounts for stakeholder satisfaction in Bayelsa State. It further revealed that the strongest effect comes from compromising. Oil servicing companies often let go some of their rights to favour host communities just because they want to avoid some sort of problems that could arise from non-compliance. They are aware of significant damages caused by militants and sea pirates and they do not let it hinder their operations. Issues such as pipeline vandalism have been a recurring decimal. However, these firms must settle down for a compromise to remain in their operations. Accommodating remains the weakest with a negative coefficient. This implies that the more oil servicing firms accommodate pirates and militants, they incur more loss, jobs are lost, and operations get terminated. Collaborating had a significant effect as well as a higher p-value. However, the p-value was still less than 0.05. Cumulatively, this study revealed that conflict management strategies are very important to stakeholders satisfaction.

### Recommendations

i. Oil servicing companies should understand that the extent to which accommodation works may create more losses which could affect the satisfaction of stakeholders. What they ought to do is what is right in terms of maintaining the recommended operational standard through

ensuring that gas flaring and ecological degradation through pollution is reduced. When the right things are done, there would be relative peace and stakeholders would be satisfied.

- ii. At some point, oil servicing firms should understand that it is not always a win-win situation. Sometimes, firms must let some issues go to remain in business. There is no need fighting sea pirates or militants with organisational resources. Rather, they can partner with government and security personnel for safety of lives and properties.
- iii. Government should ensure that there is safety in operational areas. There should also be collaboration between the government, host communities and oil servicing firms in terms of strengths, weakness, opportunities and threats. Government should understand the security needs of firms and provide them with the required military personnel for effective security. Government should also ensure they meet international operational standard to avoid conflict of interest between the host communities and oil and gas firms.
- iv. Oil servicing firms should understand that there is no best conflict strategy in the world. The best strategy in one location may be the worst in another location. Therefore, there is need to apply each strategy based on situational requirements.

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