
CONFLICT MANAGEMENT STYLES AND PERFORMANCE OF NIGERIAN AGIP OIL COMPANY IN EGBEMA, RIVERS STATE

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Abstract

This study examined the relationship between conflict management styles and performance of Nigerian Agip Oil Company (NAOC) in Egbema, Rivers State. It was a case study. The study utilized questionnaire to collect primary data from 45 management level staff of NAOC in Egbema, Rivers State. The data collected was analyzed using the Kendall's tau coefficient of correlation statistic. The study found that integrating and compromising styles of conflict management relates to organizational performance. The study therefore concludes that the performance of NAOC in Egbema, Rivers State depends on their conflict management styles, and recommends that management of NAOC should adopt integrating and compromising styles of conflict management if they seek to achieve improved performance in terms of increase in market share and productivity.

Keywords: Compromising, Conflict Management approaches, Integrating, organizational performance, of Nigerian Agip Oil Company.

INTRODUCTION

Azienda Generale Italiana Petroli (AGIP) is an Italian company established in 1926. The company has been a major player in Nigeria's oil and industry for decades, as Nigerian Agip Oil Company Limited (NAOC), and as a subsidiary of Eni S.p.A in Nigeria. The company's area of business is in oil and gas exploration and production, and operates in the Niger Delta area of Nigeria since the 1960s, under a joint venture agreement between Nigerian National Petroleum Corporation (NNPC) (60% interest), NAOC (20%) and Oando Oil Limited (20%). The company's concessions lie within Bayelsa, Delta, Imo and Rivers states and covers an area of 5,313 sq. km comprising four blocks – Oil Mining Leases (OML) 60, 61, 62 and 63. The company's operations include processing facilities, gas plants, flow stations, flow lines/pipelines, an independent power plant and a terminal and involve at least 350 communities.

Much like every other business organization, the operations of NAOC are affected by sundry environmental vagaries that provide opportunities and pose threats. Executive of NAOC therefore, rely on their human capital to withstand competition and create competitive advantage for the company. This position is in line with the view that the effective functioning of every business in today's disruptive operating environment requires harnessing human and material resources and astute allocation of same to areas in which they are most productive. The prevailing economic condition of today's industrial climate challenges firms to focus on achieving basic objectives: growth, profit, market share, etc. The achievement of these objectives depends on employees working in assigned roles, and with defined relationships to one another. However, employees do not always conform to administrative processes and philosophy of organizations, and this often results in various forms of industrial conflicts (Worlu, 2020).

Conflict represents behavioral and attitudinal differences between employers and employees which creates disputes and unrest in the organization (Azamosa, 2004). Conflict is an inevitable aspect of organizational life due to the existence of competing interests and obvious differences among individuals in the workplace (Adomi & Anie, 2005). Yet, when well-managed, conflict can become a catalyst for change and have positive impact on employees and business performance. Conversely, if poorly managed conflict negatively impacts both employee satisfaction and job performance, and hinder organizational growth and prosperity (Osisioma et al., 2012). When organizational leaders ignore workplace conflict, they send a message that unsatisfactory job performance and inappropriate behavior are acceptable.

Awan et al. (2015) opined that properly managed conflict promotes open communication, collaborative decision-making, regular feedback, and timely resolution. Open communication and collaboration enhance flow of new ideas and strengthen work relationship, which improves employee morale. Regular feedback and timely conflict resolution improve employee satisfaction and job performance.

In negative work environments where conflicts are not resolved quickly, poor employee behavior and poor job performance will be prevalent. This is because unmanaged conflict inform dysfunctional communication and poor behavior among staff (Awan et al., 2015). Poor behavior on the part of one employee has the power to affect overall employee morale, which results in lower productivity. In healthcare, patients' health and even their lives can be affected by unmanaged conflict (Awan & Taufique, 2015). Conflict is not just an annoyance in the workplace, it also costs money that can be calculated in terms of wasted time, bad decision, lost employees (Dana, 2000).

Modern society depend the products of oil and gas firms to run smoothly. Oil and gas thus contribute richly to development of modern societies. However, the effect of their production and processing overtime have not reported fairness on workers, as they frequently engage in unfair labour practices. This has often resulted in industrial actions that closes operations for days, weeks or months. Such shut downs lead to lost man-hour whose costs may run into millions of Naira. It is in attempt to address this issue that this study seek to examine the effect of conflict on corporate performance of oil and gas firms in Rivers State.

LITERATURE REVIEW

Theoretical Foundation

This study is anchored on conflict theory which posits that in a society or an organization, each individual participant and/or group struggles to maximize certain benefits and this inevitably contributes to social change. This change may include political struggles and revolution. The theory focuses on the idea that personal or group's ability has a role to play in exercising influence and control over others in producing social order. Hence, conflict theorists believe that there is a continual struggle between all different elements of a particular society.

Conflict theory evolved as a major alternative to the functionalist approach to analyzing a society's general structure (Wallace & Wolf, 2006). Conflict theory provide an alternative to the functionalist approach. Although it was superseded by a variety of neo-Marxian theories (Ritzer & Goodman, 2004), it has become increasingly popular and relevant in modern sociology.

Functionalists consider societies and social institutions as systems in which equilibrium is created through the interdependence of parts. They do not deny the existence of conflict; however, they believe that the society evolves means of controlling it. This forms the basis of functionalist analysis. Conflict theorists, on the other hand, perceive the society in a different light. Conflict theorists view the society as an arena where groups contend for power. For conflict to be controlled, one group must be able to, at least temporarily, suppress its rivals. Conflict theory focuses on the shifting balance of power among competitors in society, rather than the creation of equilibrium through interdependence and cooperation (Wallace & Wolf, 2006).

Concept of Organizational Conflict

Employers and employees usually encounter disagreement in the workplace as a result of varied expectation held by both parties regarding industrial arrangement. Naturally, conflict is believed to be a continuous observable occurrence in every aspect of human existence (Alimba, 2010; Ajala, 2003). Conflicts will occur, for as long as divergent objectives and aspirations exists among individuals and groups within a social system (Obasan, 2011).

Though, conflict is generally believed to be dysfunctional, destructive, unpleasant and abnormal, it is equally seen as an avenue for constructive engagement, change and development, if handled in a positive manner (Edwards, 2003; Hamed & Ayantunji, 2003). Thus, conflict has been understood differently by various scholars in various context. Fisher and Gitelson (2004) viewed conflict as an association existing between individuals or group of individuals constituting a social unit who may have believed of possessing conflicting goals. Consatino et al. (1995) view conflict as a means through which individuals express their anger, disagreement and unsatisfied needs with perceived benefits.

Otite (2001) averred that conflict is a means through which issues originating from differing interest and social stability are resolved. Awulo et al. (2014) defines conflicts as relational disputes between two or more parties, in which those involved perceive a threat to their interests coming from those on the other side of the disagreement. There are several types of conflict, each of which carries a different level of subjectivity. Organizational conflicts are disagreement between employers and employees, which ensues from differences of interests or goals.

Fajana (2000) opine that industrial conflict is the inability to reach an agreement between employers and employees or their unions over terms of industrial relations, without considering if the lack of such ability will result into negative industrial actions or not. Similarly, industrial conflict is seen as the total manifestation of anger displayed by service unions, especially those involve in wage agreement with the motive of making better bargain (Onyeonoru, 2005). Though, conflicts are expressed in different forms in the workplace ranging from absenteeism, sabotage, work to rule, organizational unrest, as well as strikes and lockout, the most widely exhibited form of conflict existing in the work organization is strike.

Conflict tends to elicit different types of responses, when they occur in the workplace. The commonest of these responses tend to be psychological, behavioral or physiological. Psychological responses include inattentiveness to other things within the organization, lack of interest in work, job dissatisfaction, work anxiety, estrangement or alienation from others, frustration. Behavioral responses manifests in employees indulging in excessive smoking, alcoholism, under eating or over eating, aggression towards others or work sabotage, decreased communication, desisting

influence attempts; while physiological responses include high quantity of adrenalin in blood which increases heart beat and blood pressure while more hydrochloric acid is secreted into the stomach, leading to peptic ulcers, respiratory problems such as asthma, hypertension, headaches, coronary problems. Hence, conflict affects individuals' performance, gives rise to psychosomatic disturbances, which undermine the health of the individual and impede performance of firms.

Conflict also has positive effects. It motivates individuals to do better and work harder. One's talents and abilities come to the forefront in a conflict situation. It satisfies certain psychological needs like dominance, aggression, esteem and ego, and thereby provides opportunities for constructive use and release of aggressive urges. Conflict also provides creative and innovative ideas. In addition, conflict adds variety to organizational life, and facilitates understanding of the problems people have with one another and leads to better coordination among individuals and departments, in addition to strengthening intra-group relationship. Furthermore, conflict inspire creativity and improves communication.

Rahim and Bonoma (1979) opine that interpersonal conflict may be resolved in two basic dimensions: concern for self and concern for others. The first dimension explains the degree to which individuals attempt to satisfy their own concerns, while the second explains the degree to which individuals seek to satisfy the needs or concerns of others. The combination of these two dimensions results in five specific styles of conflict handling: integrating, obliging, dominating, avoiding and compromising. In this study, we focus of integrating and compromising.

Integrating is characterized by both high concern for self and for others. This involves openness, exchange of information, and examination of differences to reach an effective solution acceptable to both parties. It is associated with problem solving, which may lead to creative solutions. This style has been found to be useful in utilizing the skills and information of different individuals to generate solutions, and may be appropriate for dealing with strategic issues relating to objectives, policies and long-range planning (Afzalur et al., 1992).

Compromising is associated with an intermediate level of concern for both self and others. This style typically involves "give and take" where both parties involved relinquish some aspect in order to arrive at a mutually-acceptable decision. This style is often used when the goals of the conflicting parties are mutually exclusive or when both parties, who are equally powerful, such as a labor union and management, have reached an impasse. This style is used when dealing with particular strategic issues (Afzalur et al., 1992).

Some researchers have suggested that successful conflict management involves using specific styles to resolve conflict situations. For example, the integrative or problem-solving style is most appropriate for managing all conflict (Blake & Mouton, 1964; Likert & Likert, 1976). Other researchers have indicated that for conflicts to be managed most effectively, resolution approaches must take the conflict situation into cognizance (Rahim & Bonoma, 1979; Thomas, 1992). However, Gross and Guerrero (2000) suggested that an integrative conflict management style is generally perceived as the most appropriate and most effective.

Organizational Performance

The performance of organizations is essentially, a reflection of how they performed, or are a performing, with respect to attaining their objectives, fulfilling their mission, and operating based

on their core values. The idea of organizational performance has consistently been a focus of business theorists and practitioners (Chen & Paulraj, 2004). This is largely due to the notion that a firm's ability to survive, prosper and attract investors' interest is hinged on its performance records and future performance potentials. A company's performance could be measured in both financial and non-financial terms, and such measurement criteria represent key performance indicators that are universal in the firm's industry (Gawankar et al., 2013).

Ateke and Didia (2017) states that organizational performance describes the health of a firm as an outcome of management processes measured against stated corporate goals or compared to the health of competing firms. To Daft (1991, as cited in Ateke & Akani, 2018), organizational performance is a measure of a company's capacity to achieve set goals by utilizing scarce resources effectively and efficiently. A business organization is said to be performing well if it is able to cope, survive and make progress amidst competitive pressures and market demands of today's business environment.

Organizational performance is a concept with multiple indicators, and can be used in differing contexts between profit and non-profit oriented organisations. In the current study, it is measured through market share and productivity.

Market Share: Market share as an indicator of organizational performance is of absolute necessity in that, it allows organizations get familiarized with the potentiality of their position in a given market either as leader or minor player as well as if a given organization is actually gaining, losing or in control of shares in a given market (Kotler, 1999 as cited in Amah, 2013). Czinkota et al. (1997, as cited in Amah, 2013), views market shares as a percentage of the sales in a given market. Armstrong (2001, as cited in Amah, 2013) reveals that increase in market shares leads to increase in organization's profits, since market shares is one of the most important objective of firms. In other words, market share is a key indicator of market aggressiveness - that is, it is an indicator of the wellbeing of an enterprise relatively to its competitors. As noted by Ojielo (2003), market shares allow entrepreneurs determine either aggregate growth or decline of their customer base as well as trends among competing firms.

Productivity: Productivity is the quantifiable value added by a firm function, relative to its costs. It is also the added value of business activities in relation to realized investments. Amah et al. (2013) described productivity as an indicator of the efficiency and effectiveness of resources generated and utilize in creating physical and intangible products of value, desired by consumers. However, higher productivity indicates that capitals are efficiently and effectively utilized and wastage was at minimum. Firms develop when there is growth in productivity. According Ateke and Amanagala (2020), productivity is a function of customer indices like customer acquisition, retention and expansion because sales increase, new product success and other outcomes of productivity are tenable only when business activities succeed in acquiring, retaining and expanding business with customers.

Conflict Management Styles and Organizational Performance

Ilevbare et al. (2012) examined the influence of industrial conflict on perceived employee work performance and reported that there was a significant relationship between industrial conflict and perceived work performance. Also, Kazimoto (2013) analyzed the elements of a conflict management process and organizational change and the benefits of managing conflict. The study

concludes that leadership approaches are important factors for conflict management, and that an open communication policy is essential to managing organizational conflict. Min-Chih et al. (2010) determined the relationship conflict has a greater impact on learning performance than process conflict.

Nwaogu (2012) examined influence of strike action on employee's performance and productivity. The aim of the study was to ascertain the relationship between strike action and employee performance and productivity. Findings revealed that causes of strike were linked to delay in payment, communication disruption, resource scarcity and management leadership; there is a strong relationship between strike action and employee's performance.

In view of the foregoing reports on link between conflict management approaches and performance; and the main aim of the present study to examine the link between conflict management approaches and performance of Nigerian Agip oil Company in Egbema, Rivers State: The following null hypotheses were formulated to guide the research.

Ho₁: Integrating style of conflict management does not significantly relate to performance of Nigerian Agip Oil Company as explained by their market share and productivity.

Ho₂: Compromising style of conflict management does not significantly relate to performance of Nigerian Agip Oil Company as explained by their market share and productivity.

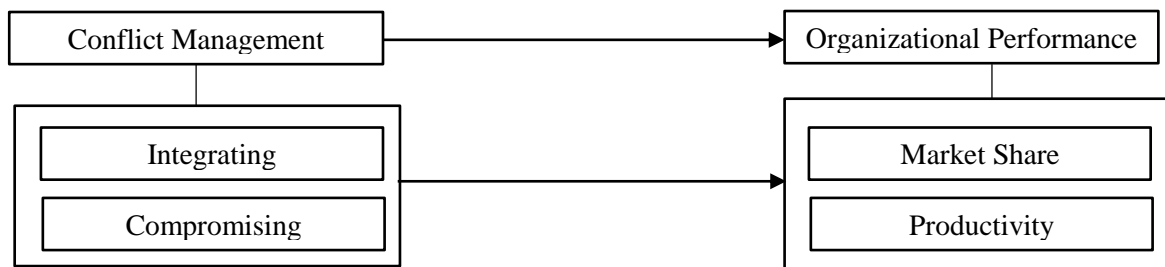


Fig. 1: Conceptual framework of the study

Source: (Olang, 2017; Rahim & Bonoma, 1979) and (Abdul & Sehar, 2015; Hackman, 1987) for the predictor and criterion variables respectively.

METHODOLOGY

This study investigated the association between conflict management approaches and performance of Nigerian Agip oil Company. It is a case study. 45 management level staff of Agip Oil Company in Egbema, Rivers State served as test units in the study. The human resource department provided data on functional departments in the organization. A structured questionnaire served as instrument of primary data collection. The data gathered from respondents was analyzed using Kendall's tau coefficient of correlation statistic.

RESULTS AND DISCUSSION

Table 1: Kendall' tau test of association between Integrating and measures of organizational performance

		Integrating	Market Share	Productivity	
Kendall's tau_b	Integrating	Correlation Coefficient	1.000	.613**	.883**
		Sig. (2-tailed)	.	.000	.000
		N	45	45	45
	Market Share	Correlation Coefficient	.613**	1.000	.769**
		Sig. (2-tailed)	.000	.	.000
		N	45	45	45
	Productivity	Correlation Coefficient	.883**	.769**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	45	45	45

** . Correlation is significant at the 0.05 level (2-tailed).

SPSS output, Version 20 – Field Survey, 2022

Table 1 presents Kendall' rank order correlation run to ascertain the relationship between integrating as a dimension of conflict management approach and performance of Nigerian Agip oil company in Egbema Rivers State as reported by 45 members of staff. A strong positive correlation coefficient value was reported between integrating and market share which was statistically significant ($\tau_b = .613^{**}$, $p = .000 < 0.05$ (alpha value) this suggests that there is significant relationship between integrating and market share; also integrating and productivity reported significant values of correlation ($\tau_b = .883^{**}$, $p = .000 < 0.05$). Thus, the null hypotheses are rejected.

Table 2: Kendall' tau test of association between Compromising and measures of organizational performance

		Compromising	Market Share	Productivity	
Kendall's tau_b	Compromising	Correlation Coefficient	1.000	.769**	.874**
		Sig. (2-tailed)	.	.000	.000
		N	45	45	45
	Market Share	Correlation Coefficient	.769**	1.000	.769**
		Sig. (2-tailed)	.000	.	.000
		N	45	45	45
	Productivity	Correlation Coefficient	.874**	.769**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	45	45	45

** . Correlation is significant at the 0.05 level (2-tailed).

SPSS output, Version 20 – Field Survey, 2022

Table 2 presents Kendall' rank order correlation run to ascertain the relationship between compromising as a dimension of conflict management strategies and operations of the Agip oil company in Egbema Rivers State as reported by forty five (45) members of staff. A strong positive correlation coefficient value was reported between compromising and market share which was statistically significant ($\tau_b = .769^{**}$, $p = .000 < 0.05$ (alpha value) this suggests that there is significant relationship between compromising and market share; also integrating and productivity reported significant values of correlation ($\tau_b = .874^{**}$, $p = .000 < 0.05$).

CONCLUSION AND RECOMMENDATIONS

The study assessed the link between conflict management styles and organizational performance. The study observed that integrating and compromising styles of conflict management relates to organizational performance. These findings support arguments in literature that organizational conflict has both positive and negative effects on organizations. Though conflict is often viewed negatively, it is also capable of increasing organizational innovativeness and productivity, thereby improving performance. To Henry (2009), conflicts build team spirit and cooperation among employees of an organization. However, in the case of oil and gas firms, empirical findings revealed a positive relationship between conflict management and organization performance.

From the discussion thus far, it is evident that conflicts occur in organizations as a result of competition for supremacy, leadership style, scarcity of common resources, etc. this reduces staff satisfaction about their job and also reduces productivity. Thus, early recognition of conflict and paying attention to the conflicting parties is very important. Negotiation between parties involved is the best way to resolve conflict. Darling and Fogliasso (1999) conclude that it is impossible to eliminate conflict totally. Managers who try to eliminate conflict will not last long, while those who manage it well will typically experience both institutional benefits and personal satisfaction.

Based on the findings and conclusion reached, the study recommends that management of NAOC should adopt integrating and compromising styles of conflict management if they seek to achieve improved performance in terms of increase in market share and productivity. The study also recommends that management of NAOC should organize periodic seminars/workshops on organizational conflict management for the employees. This will enable employees learn about conflict and how it can be effectively managed for individual and organization effectiveness.

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