

Research Article

Negotiation and Industrial Harmony in Insurance Companies in Rivers State, Nigeria

Andrew Giwa¹ and Dr. Tamunomiebi, M.D.²

^{1,2}Department of Management, Faculty of Management Sciences, Rivers, State University, Nkpolu-Oroworukwo, PMB 5080, Port Harcourt, Nigeria

Received: Dec 8, 2019

Accepted: Dec 15, 2019

Published: Dec 19, 2019

Abstract: This study examined relationship between negotiation and industrial harmony in insurance companies in Rivers State, Nigeria. The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through structured questionnaire. The population of the study was 84 employees of ten (10) selected insurance companies in Rivers State.

The sample size of 69 was determined using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach's Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 95% confidence interval and a 0.05 level of significance.

The findings of the study revealed that there is a significant relationship between negotiation and industrial harmony in insurance companies in Rivers State, Nigeria. The study recommends that that management and unions in insurance companies should that in the event of any conflict situation, management should be responsive enough to arrest it objectively through negotiation to avoid turning the organization to a breeding ground for various deviant workplace behaviour like sabotage, strike and alienations as result of disharmony.

Keywords: Negotiation, Industrial Harmony, Reduced Level of Strike, Reduced Grievance level.

Introduction

The workplace is composed of different values, beliefs and attitudinal behaviour of both employers and employees. The employee is the engine room of any organisation and plays a strategic position in production process and profit making. However, in order for workers to perform effectively and efficiently there must be a strong union between workers and the organisation managers (Chen, Chen & Chen, 2018). It should be noticed that irrespective of the relationship of social elements in work organisations, conflicts are inevitable because there are inherent competing interest either in wages or terms and condition of service workers (Tom & Shepherd, 2017). In Nigeria industrial sectors today, conflicts and union disputes has consumed a lot of time and human hours waste. This situation hampered the growth and processes of many organisations in Nigeria (Ojielo, 2002). Likewise, in Nigeria studies have stressed that low income and high unemployment rate remained macroeconomic problems despite various attempts by the policy makers (Asaleye, Isoha, Asamu, Inegbedion, Arisukwu & Popoola, 2018; Asaleye, Adama & Ogunjobi, 2018). Therefore, effective management of industrial conflict through negotiation can help not to worsen the unemployment situation in Nigeria.

Most conflict between management and their workers often start as mere grievances; and when it cannot be handled, it result into strike action, slow work, workplace sabotage, high labour turnover, low morale, absenteeism, loss of human energy, decreased job satisfaction, low productivity and host other effects that are detrimental to work organisations. With increase in diversity, conflict in the workplace cannot be ruled out, even with the presence of labour union.

Conflict between ownership of the organisations and the workers is known as industrial conflict. Industrial conflict is the discord that occurs when the goals and values of different individuals or groups are incompatible and antagonistic to each other (Asamu, 2015). However, when industrial conflicts occur constantly, it sires room for strike. Strike eventually forces employers to concede to employees demand.

Most times, strike actions are used to change the structure of bargaining and to win substantive demand by workers. Collective bargaining is therefore seen as a process of meeting, presenting demands, discussing, presenting counter proposals and sometimes bullying and threatening, all a bid to reach an agreement.

Over the years, industrial harmony has been the concern of organizations, researchers, employees and other stakeholders because of its importance on productivity (Fajana, 2012). Industrial harmony is important in the oil and gas industry like other industries because it promotes employees' commitment which enables the achievement of organizational goals. The oil and gas industry's upstream sector is portrayed by controversies, for execution of collective agreement, superseding bargaining force over unjustifiable work practices, for example, casualisation, outsourcing, and contract staffing and different types of work adaptability (Ogbeifun, 2008). These business issues are incompletely, the impact of globalization and have pulled in the consideration and judgment of trade unions in the sector. Expanding industrial activities have been ascribed incompletely as casualisation of specialists (Kalejaiye, 2014).

A large stream of empirical research has examined the concept of industrial harmony using various predictor variables. Sholokwu and Olori (2016) examined the relationship between Management practices and industrial harmony in oil and gas firms in Rivers State. Nwokocha (2015) considered employers and the enhancement of industrial harmony in private sector organizations in Nigeria. Also, Kormena, Accra-Jaja and Ukoho (2017) investigated the relationship between reward strategy and industrial harmony among manufacturing firms in Port Harcourt, Nigeria. However, there has been relatively little empirical research report that details how firms can strategically achieve industrial harmony, through effective conflict handling styles within this geographical sphere.

This study therefore examined the relationship between negotiation and industrial harmony in insurance companies in Port Harcourt, Nigeria.

Furthermore, this study was guided by the following research questions:

- 1) What is the relationship between negotiation and industrial harmony in insurance companies in Rivers State?
- 2) What is the relationship between negotiation and absence of incidence of unrest in insurance companies in Rivers State?
- 3) What is the relationship between negotiation and reduced level of grievance in insurance companies in Rivers State?



Figure 1. Conceptual framework for the relationship between negotiation and industrial harmony (Source: Author's Desk Research, 2019)

Literature Review

Theoretical Foundation

The Pluralist theory

Pluralist theory is adopted as theoretical framework for this study. This perspective attempts to apply the analogy of pluralism in society where there are diverse socio-cultural group, which compete for scarce resource, for instance power. This diversity could be in terms of ethnicity, religious affiliation, social class, political orientation among others. If in the society these diverse aspects are allowed to interfere in our everyday life, they are going to bring about: sectionalism, squabbling and conflict which could even tear society apart. In the same way work place is made of individual and groups who are also divers. To harmonize these diversities and pluralism, there must be some mechanism at work which will bring the competing groups together and hold them back from tearing the work place into pieces. This mechanism should be a continuous process of concession and compromise. Collective bargaining is seen as the mechanism for achieving this while the employer and trade unionism represent these interests for those in the work place that engage in collective bargaining (Budd, Gomez & Meltz, 2004; Commons, 1957; Dunlop, 1958; Flanders, 1965).

The Pluralist theory shows the relationship and roles between employment and industrial relation (Budd, Gomez & Meltz, 2004; Commons, 1957; Flanders, 1965). According to this theory, employment relationship is regarded as a bargaining problem which depends on the distribution of resources as well as the rules governing the interactions between employers and the employees. Due to this effect, the introduction of labour union, public policies and relevant institutions can help to eliminate or reduce conflict in the society. Central to this argument is the role of collective bargaining in industrial conflict.

Negotiation

Negotiation arises in conflict resolution when parties know that their interdependence have been able to ascertain their concerns, and are determined to work on both incompatible and overlapping goal (Wall, 1985), negotiation permits conflicting parties to mention their preference, talk about their relationship, hold back each other. Thus, negotiation is a process through which multiple parties work together on the outcome of a conflict or dispute. More specifically, negotiation is defined as a process whereby two or more parties decide that each will give and take in an exchange between them (Rubin & Brown, 1975). Hence, it is involves some type of interaction among parties who desire something that the other party has. Negotiation according to (Bazerman & Neale, 1992) is a give and take decision making process involving interdependent parties with different preferences. Key element of

negotiation: interdependence, perceived conflict, interaction and agreement. Historically, the negotiation field has been dominated by a focus on economic outcomes and financial performance (Buelens, Woestyne, Mestdag, & Bouckennooghe, 2008). Successful negotiations, build on specific areas of firm outcomes: financial performance, product market performance and shareholder return. Many scholars have bemoaned that the field offers a largely are rational view of the performance situation (Gelfand, Smith Major, Raver, Nishii, & O'Brien, 2006).

The outcomes of negotiation to a large extent determine if the opposing teams will gain a mutual understanding and work towards the achievement of organizational goals to improve performance Dreu (2003). In any negotiation exercise the outcome will either promote group cohesiveness or buildup of tensions. The outcomes include win-win, win-lose and lose-lose outcome. The win-win negotiating outcome applies to many situations, including contract negotiations as well as conflict resolution. Negotiation is not one party dictating or imposing terms on another. When that happens, the outcome will rarely produce mutual satisfaction. The result can only be mutually satisfactory if both differences and common interests are considered (Kwon & Weingart 2004).

Absence of Strike

To the industrial striker, strike speaks to the activity of his major right to pull back his administrations. Circumstances which seem to negate his own desire and yearning or which debilitates the satisfaction of the requirements of the individual are being enrolled during the time spent striking. All the more vitally, it is these individual rights that are outfit by the exchange union to set out on strike activity. The union quality in an industry, in this manner generally lay on the force of the strike. The strike is an extremely strong apparatus and can be intense if the workers on strike speak to key work or if the creation lost brought about by the business amid the strike is exceptionally huge. The strike likewise makes the administration to unite genuinely in future transaction; in that capacity, effective strikes improve the dealing position of the union for next arrangement.

The strike if effective enhances the financial prosperity of the individuals from exchange union as they can pay increments as a consequence of strike activity. Striking workers additionally stand the danger of losing considerable wage amid the time of the strike. This on account of the Nigerian business may frequently summon the no-work-no-pay law. The Nigerian Government has reliably constrained the privilege to assault in the oil business. A portion of the applicable enactment could be located in the Trade disagreement Acts of 1969, 1976, and 1996. The Trade Unions (Amendment) Decree of 1996 made trade union registration contingent on a "no strike" proviso all through the lifetime of an aggregate understanding. Without a doubt, it unmistakably expressed that businesses were not allowed trade union levy to the trade union concerned, unless union individuals consented to this 'no strike' statement.

Absence of Grievance Frequency

Grievance manifests in employment relations when employees or union perceive ill-treatment or violation of terms of contract agreement by employers (Bemmels and Foley, 1996). Grievance relates to a feeling that infringement has occurred in contract relationship. In such instance, three options are available for employees. These include: the worker may choose not to report grievance officially, in which case, he wallows in his pains and frustration; or quit the job; or courageously report his grievance officially following an official laid down procedure in defiance of any consequence (Pettersen and Lewin, 2000).

Hirschman (1970) postulated exit, voice and loyalty" theory. The crux of this theory is that the tendency for an employee who officially reported grievance to get positive response or management retaliation in terms of job relieve is predicated on his loyalty or importance and the criticality of his job to the organization. What this means is that an employee who feels his job is not critical to his employer may be constrained from initiating grievance filing even when unfair treatment is present. In a unionized workplace, grievance procedure serves as official platform for aggrieved employees to report perceived unfair treatment and seek redress. The procedure outlines steps and stages which should be followed in order to effectively manage conflicts (Colvin 2003; Lewin 2005).

Similarly, Colvin (2003) believes that collective bargaining is a process through which disputes are managed and employees receive fair response in a unionized setting. However, Bingham (2004) maintains that alternative dispute resolution (ADR) which covers open-door systems, early mutual investigation, review panels are some useful paths to managing disputes in a non-unionized situation.

Relationship between Negotiation and Industrial Harmony

Qaziani (2013) showed that the cooperation and avoidance strategies are the first and second priorities of physical education managers in managing the conflicts in sports organizations. Ordin (2013) showed that there is a significant and positive correlation between negotiation leadership and conflict resolution in universities. Zhang (2007) showed that the avoidance style is the dominant method of conflict management which is used by Chinese managers; however, during the negotiations, the competition style led to more satisfaction. The lack of familiarity with principles may lead to failures in micro (organizational) and macro (national) levels. For maintaining the interests and improving the effective conflict management and negotiation culture, therefore, there should be proper and quick actions to develop and strengthen these factors. However, this study aims to determine the relationship between negotiation styles and conflict management strategies among physical education experts in Iran's Education and Training System. If ineligible individuals will be employed in this organization, many problems will be imposed. Therefore, the employment of efficient and effective experts is inevitable for all organizations, including physical education in Education and Training System. According to literature review, it can be said that there is little research on negotiation techniques and styles and its relationship with conflict management strategies of sports managers. It is hoped that the results of this research will be used in future decisions using appropriate negotiation skills and successful conflict management.

Harmonious industrial relations here refers to an industrial environment where workers along with their union and management understand and accept each other as partners in progress; that a cooperative attitude is mutually beneficial in terms of output, performance and rewards. It does not assume that conflicts do not exist but that effective and proactive collective agreements and grievance procedure exist that can prevent the conflicts from transforming into a crisis. Thus, internalizing harmonious industrial relations will eliminate poor management as it relates to human resources management (Bateman & Snell, 1999).

From the foregoing point of view, we hereby hypothesized thus:

H₀₁: There is no significant relationship between negotiation and absence of strike in insurance companies in Rivers State.

H₀₂: There is no significant relationship between negotiation and reduced level of grievance in insurance companies in Rivers State.

Methodology

The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through structured questionnaire. The population of the study was 84 employees of ten (10) selected insurance companies in Rivers State. The sample size of 69 was determined using the Taro Yamane's formula for sample size determination.

The reliability of the instrument was achieved by the use of the Cronbach's Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0.

Data Analysis and Results

Tests of Hypotheses

The tests of hypotheses were at the level of significance 0.05 adopted as a criterion for the probability of accepting the null hypothesis in ($p > 0.05$) or rejecting the null hypothesis in ($p < 0.05$).

Table 1. Correlations for Negotiation and the Measures of Industrial Harmony

			Negotiation	Absence	Reduced level of grievance
Spearman's rho	Negotiation	Correlation Coefficient	1.000	0.871**	0.787**
		Sig. (2-tailed)	.	.000	0.000
		N	59	59	59
	Absence	Correlation Coefficient	0.871**	1.000	0.820**
		Sig. (2-tailed)	0.000	.	0.000
		N	59	59	59
	Reduced level of grievance	Correlation Coefficient	0.787**	0.820**	1.000
		Sig. (2-tailed)	0.000	.000	.
		N	59	59	59
**, Correlation is significant at the 0.01 level (2-tailed).					
Source: Research Data 2018, (SPSS output version 23.0)					

Table 1 illustrates the test for the three previously postulated bivariate hypothetical statements. The results show that for

H₀₁: There is no significant relationship between negotiation and absence of strike in insurance companies in Rivers State

From the result in the table above, the correlation coefficient shows that there is a positive relationship between negotiation and absence of strike. The *correlation coefficient* 0.871 confirms the magnitude and strength of this relationship and it is statistically significant at $p < 0.000 < 0.05$. The correlation coefficient represents a very strong correlation between the variables. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate accepted. Thus, there is a significant relationship between negotiation and absence of strike in insurance companies in Rivers State.

H₀₂: There is no significant relationship between negotiation and reduced level of grievance in insurance companies in Rivers State

Therefore based on the results illustrated, all previous bivariate null hypothetical statements are hereby rejected as the study finds that:

From the result in the table above, the correlation coefficient shows that there is a positive relationship between negotiation and reduced level of grievance. The *correlation coefficient* 0.787 confirms the magnitude and strength of this relationship and it is statistically significant at $p\ 0.000 < 0.05$.

The correlation coefficient represents a strong correlation between the variables. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate accepted. Thus, there is a significant relationship between negotiation and reduced level of grievance in insurance companies in Rivers State.

Discussion of Findings

This study using descriptive and inferential statistical methods investigated the relationship between negotiation and industrial harmony in insurance companies in Rivers State. The findings revealed a significant relationship between negotiation and industrial harmony in insurance companies in Rivers State. This finding agrees with Bartos and Wall, (1974, 1985) who stated that negotiation arises in conflict resolution when parties know that their interdependence have been able to ascertain their concerns, and are determined to work on both incompatible and overlapping goal.

Negotiation permits conflicting parties to mention their preference, talk about their relationship, hold back to each other. Thus, negotiation is a process through which multiple parties work together on the outcome of a conflict or dispute. More specifically, negotiation is defined as a process whereby two or more parties decide that each will give and take in an exchange between them.

Also, our study corroborates with the findings of Dreu (2003) who asserts that the outcomes of negotiation to a large extent determine if the opposing teams will gain a mutual understanding and work towards the achievement of organizational goals to improve performance. In any negotiation exercise the outcome will either promote group cohesiveness or buildup of tensions. The outcomes include win-win, win-lose and lose-lose outcome.

The win-win negotiating outcome applies to many situations, including contract negotiations as well as conflict resolution. Negotiation is not one party dictating or imposing terms on another. When that happens, the outcome will rarely produce mutual satisfaction. The result can only be mutually satisfactory if both differences and common interests are considered (Kwon & Weingart 2004).

Conclusion and Recommendation

This study therefore concludes that negotiation significantly influences industrial harmony in insurance companies in Rivers State. Based on the discussion and conclusion above, the study thus recommends that management and unions in insurance companies should that in the event of any conflict situation, management should be responsive enough to arrest it objectively through negotiation to avoid turning the organization to a breeding ground for various deviant workplace behavior like sabotage, strike and alienations as result of disharmony.

Conflicts of interest: The authors declare no conflicts of interest.

References

1. Adomi, E.E. and Anie, S.O. 2005. Conflict management in Nigerian University Libraries. *Journal of Library Manage*, 27: 520-530.
2. Aryee, J., Fisher, E. and Reuber, K. 2003. Support for rapid-growth firms: A comparison of views of founders, government policymakers, and private sector resource provider, *Journal of small Business Management*, 41(4): 346-365.
3. Asaleye A.J, Adama J.I. and Ogunjobi, J.O. 2018. Financial sector and manufacturing sector performance: Evidence from Nigeria. *Investment Management and Financial Innovations*, 15(3): 35-48.
4. Asaleye, A.J., Isoha L.A., Asamu, F.F., Inegbedion, H., Arisukwu, O. and Popoola, O. 2018. Financial Development, Manufacturing Sector and Sustainability: Evidence from Nigeria. *The Journal of Social Sciences Research*, 4(12): 539-546.
5. Asamu, F.F. 2015. *Industrial Sociology (Eds.)*, Asamu, F.F. and Babatunde, B.E., *Sociology Current and African Perspectives*. Published by Integrity Publication.
6. Barki, H. and Hartwick, J. 2001. Interpersonal Conflict and its Management in Information System Development. *MIS Quarterly*, 23: 195-228.
7. Bateman, T.S. and Snell, S.A. 1999. *Management: Building competitive advantage*, 4th Edition, Boston: Irwin McGraw-Hill.
8. Bazerman, M. H. and Neale, M.A. 1992. *Negotiating rationally*. New York: Free Press.
9. Bemmels, B. and Janice, R.F. 1996. Grievance procedure research: A review and theoretical recommendations. *Journal of Management*, 22(3): 359-384
10. Bingham, L.B. 1995. Is There a Bias in Arbitration of Non-Union Employment Disputes? *International Journal of Conflict Management*, 6(4): 369-97.
11. Budd, J.W., Gomez, R. and Meltz, N.M. 2004. Why a Balance Is Best: The Pluralist Industrial Relations Paradigm of Balancing Competing Interests, Theoretical Perspectives on Work and the Employment Relationship Industrial Relations Research Association, Research Volume <http://jbudd.csom.umn.edu/RESEARCH/buddgomezmeltz.pdf>
12. Buelens M, Van De Woestyne M, Mestdagh S, Bouckennooghe D (2008). Methodological issues in negotiation research: a state-of-the-art-review. Springer, Berlin
13. Chen I., Chen Y. and Chen S. 2018. The strategic choice of payment method in corporate acquisitions: The role of collective bargaining against unionized workers, *Journal of Banking and Finance* 88, 408–422 <https://doi.org/10.1016/j.jbankfin.2018.01.009>
14. Commons, J.R. 1957. John R., Légal Foundations of Capitalism, Macmillan, 1924, Madison, University of Wisconsin Press, 1957
15. De Dreu, C.K.W. 2003. Time pressure and closing of the mind in negotiation. *Organizational Behavior and Human Decision Processes*, 91(2): 280-295.
16. De Dreu, C.K.W. and Gelfand, M.J. 2008. *The Psychology of Conflict and Conflict Management in Organizations*. New York: Lawrence Erlbaum Associates
17. Dunlop, J.T. 1958. *Industrial relations systems*. New York: Holt (title now owned by Cengage Learning)

18. Fajana, S. 2000. Industrial Relations in Nigeria: Theory and Features. Lagos: Labofin and Company.
19. Flanders, A. 1965. Industrial Relations: What is wrong with the System? An Essay on Its Theory and Future. London: Farber & Farber.
20. Gelfand, M.J., Smith Major, V., Raver, J.L., Nishii, L.H. and O'Brien, K. 2006. Negotiating rationally: The dynamics of the relational-self in negotiations [Electronic version]. *Academy of Management Journal*, 31(2): 427-451.
21. Guest, D.E. and Conway, N. 2005. Well-being and the Psychological contract. CIPD, London.
22. Kalejaye, K. 2014. Non-passage of PIB threatens Nigeria content development. Available at: <http://www.vanguardngr.com/2014/04/non-passage-pib-threatens-nigeria-content-development/#sthash.Rgjlu0KS.dpuf>.
23. Kwon, S. and Weingart, L.R. 2004. Unilateral concessions from the other party: concession behavior, attributions, and negotiation judgments. *Journal of Applied Psychology*, 89(2): 263–278.
24. Lewin, D. 2005. Unionism and employment conflict resolution: rethinking collective voice and its consequences. *Journal of Labor Research* 26(2): 209-39.
25. Molm, H. 2001. High-involvement work practices, turnover, and productivity: Evidence New Zealand, *Academy of Management Journal*, 44(1): 180–190.
26. Nwokocha, I. 2015. Employers and the enhancement of industrial harmony in private sector organizations in Nigeria. *Journal of Humanities and Social Science*, 20(5): 28-35.
27. Ojielo, M.O. 2002. Managing organizational conflict: A system approach. Ibadan: John Archers (Publishers) Ltd.
28. Oredeina, A.O. and Eigbe, M. 2013. Leadership Negotiation Skill As Correlate Of University Conflict Resolution In Nigeria, *Procedia-Social and Behavioral Sciences*, 112 (2014): 1237- 1245.
29. Pearce, J. and Peters, L. 1985. The human resource architecture: Toward a theory of human capital allocation and development. *Academy of Management Review*, 14(1): 21-28.
30. Peterson, R. and Lewin, D. 2000. Research on unionized grievance procedures: Management issues and recommendations. *Human Resource Management*, 39(4): 395-406.
31. Rivers, E. 2005. Management of Difference and Conflict in Organization: A Guide for Busy HR Professional. Centre for Effective Dispute Resolution.
32. Rubin, J. and Brown, B. 1975. The social psychology of bargaining and negotiation. New York.
33. Sholokwu and Olori, W.O. 2016. Management practices and industrial harmony in oil and gas firms in Rivers State, Nigeria. *International Journal of Advanced Academic Research, Social and Management Sciences*, 2(11): 99-117.
34. Toms S. and Shepherd A. 2017. Accounting and social conflict: Profit and regulated working time in the British Industrial Revolution. *Critical Perspectives on Accounting*, 49: 57–75.

35. Wall, J. 1985. Negotiation: Theory and Practice, Glenview
36. Whitener, E.M. 2001. Do High Commitment Human Resource Practices affect employee commitment? A cross level analysis using hierarchical linear modeling, Journal, of Management, 27(5): 515-35.
37. Zafirovski, M. 2005. Social exchange theory under scrutiny: A positive critique of its economic-behaviourist formulations. Electronic Journal of Sociology, 6(3): 123-134.
38. Zhang, Qin. 2007. Family communication patterns and conflict styles in Chinese parent-child relationships. Communication Quarterly, 55: 113-128.

Citation: Andrew Giwa and Tamunomiebi, M.D. 2019. Negotiation and Industrial Harmony in Insurance Companies in Rivers State, Nigeria. International Journal of Recent Innovations in Academic Research, 3(12): 105-114.

Copyright: ©2019 Andrew Giwa and Tamunomiebi, M.D. This is an open access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.