



The Effect of Industrial Relations Practices on Employee Welfare: A Case Study of the Oil and Gas Sector in Nigeria

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Abstract

Industrial relations play a crucial role in shaping employee welfare, particularly in labour-intensive industries such as the oil and gas sector. This study examines the effect of industrial relations practices on employee welfare in Nigeria's oil and gas industry. Using a mixed-methods approach, data were collected through surveys and interviews with employees, trade union representatives, and HR managers. The findings reveal that effective industrial relations—characterised by fair labour negotiations, collective bargaining, and strong union representation—significantly enhance employee welfare, leading to improved job satisfaction, workplace safety, and financial benefits. However, challenges such as poor policy implementation, labour disputes, and inadequate government enforcement hinder progress. The study highlights the need for stronger regulatory frameworks and better collaboration between stakeholders to improve welfare outcomes. Furthermore, the research contributes to existing literature by providing empirical evidence from Nigeria's oil and gas sector, offering policy recommendations for enhancing industrial relations. Future studies should explore comparative analyses with other sectors and countries to develop broader insights into best practices.

Keywords: *Industrial Relations, Employee Welfare, Trade Unions, Collective Bargaining, Oil and Gas Sector, Nigeria*

1.1 Introduction

Industrial relations, encompassing the interactions among employers, employees, and their representatives, are pivotal in shaping workplace dynamics and employee welfare. In Nigeria's oil and gas sector, which significantly contributes to the nation's economy, effective industrial relations are essential for ensuring organisational effectiveness and employee satisfaction.

The Nigerian oil and gas industry has historically been a cornerstone of the country's economic development, contributing substantially to national revenue and employment. However, the sector has faced challenges related to labour disputes, precarious employment conditions, and environmental concerns. Trade unions, notably the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and the Nigerian Union of Petroleum and Natural Gas Workers (NUPENG), have been instrumental in advocating for improved wages, job security, and better working conditions through collective bargaining and industrial actions. These unions have also engaged in political advocacy to influence legislation and government policies, aiming to protect workers' rights and promote local hiring practices (Fajana, 2025).

Despite these efforts, the industry continues to grapple with issues such as weak legal frameworks, inadequate enforcement of labour protections, and the rise of precarious work arrangements. Studies have highlighted the need for a re-evaluation of labour laws to better protect workers' rights, ensure effective collective bargaining, and improve standards governing contractual relations (Ajonbadi, 2015).

Employee welfare in the oil and gas sector encompasses various dimensions, including economic, social, psychological, and health aspects. Effective welfare practices, such as comprehensive medical insurance and fair compensation, have been linked to enhanced employee engagement, motivation, and performance (Sarah et al., 2023). However, challenges persist due to inconsistent policy implementation and enforcement, leading to disparities in welfare provisions across the industry.

This study aims to examine the impact of industrial relations practices on employee welfare within Nigeria's oil and gas sector. By analysing the roles of trade unions, collective bargaining processes, and existing labour laws, the research seeks to provide insights into how industrial relations can be leveraged to enhance employee welfare. The findings are expected to inform policymakers, industry stakeholders, and labour organisations in their efforts to foster a more equitable and productive work environment.

1.2 Statement of the Research Problem

The Nigerian oil and gas sector is pivotal to the nation's economy, yet it faces persistent challenges in industrial relations. These challenges manifest as labour disputes, welfare concerns, and employee dissatisfaction. Labour disputes are prevalent, often arising from disagreements over employment terms, inadequate welfare provisions, and

perceptions of inequitable treatment. These disputes not only disrupt operations but also erode employee morale and trust in management. Despite the critical nature of these issues, there is a paucity of empirical studies examining the specific impact of industrial relations practices on employee welfare within this sector. Addressing this gap is essential for developing evidence-based strategies to enhance labour-management relations and improve employee satisfaction in Nigeria's oil and gas industry.

1.3 Research Objectives

This research aims at achieving the following objectives:

1. To analyse the impact of industrial relations practices on employee welfare
2. To examine the role of trade unions and collective bargaining in welfare policies
3. To assess the influence of labour laws and policies on welfare practices

1.4 Research Questions

- i. How do industrial relations practices influence employee welfare in the oil and gas sector?
- ii. What role do trade unions play in improving employee welfare?
- iii. How effective are existing labor laws and policies in ensuring fair welfare practices?

1.5 Research Hypotheses

- H₀: Industrial relations practices do not significantly affect employee welfare.
- H₁: Industrial relations practices have a positive impact on employee welfare.

2. Literature Review

Industrial Relations in the Nigerian Oil and Gas Sector

Industrial relations play a fundamental role in shaping employment conditions, dispute resolution, and overall workplace harmony. According to Fajana (2005), industrial relations in Nigeria have been characterised by a mix of cooperation and conflict, particularly in labour-intensive sectors such as oil and gas. The presence of strong trade unions, including the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and the Nigerian Union of Petroleum and Natural Gas Workers (NUPENG), has historically influenced collective bargaining processes and labour policies (Olowu, 2021). However, frequent industrial actions and labour unrest suggest that existing industrial relations mechanisms may be inadequate in addressing the concerns of workers and employers alike (Agwu, 2013).

Labour Disputes and Employee Welfare in the Oil and Gas Industry

Labour disputes are a recurring issue in Nigeria's oil and gas sector, often arising from poor working conditions, disputes over wages, and job security concerns. Agwu (2013)

argues that unresolved grievances lead to industrial actions, which in turn disrupt operations and impact overall productivity. Similarly, Ajayi and Abimbola (2013) highlight that dissatisfaction with employment terms is a major factor contributing to labour disputes. These disputes not only affect the economic performance of the sector but also compromise employee welfare, leading to stress, job insecurity, and decreased job satisfaction.

The Role of Trade Unions in Employee Welfare

Trade unions serve as a critical intermediary between employees and employers in negotiating better wages, working conditions, and job security. According to Ajonbadi (2015), trade unions in Nigeria's oil sector have been instrumental in advocating for workers' rights, particularly through collective bargaining. However, despite their efforts, challenges such as weak policy implementation and political interference often limit their effectiveness (Oyelere, 2016). Furthermore, Fajana (2005) notes that while unions can drive positive change, excessive reliance on industrial actions as a bargaining tool can lead to strained employer-employee relationships.

The Need for Empirical Studies on Industrial Relations and Employee Welfare

Despite the extensive discourse on industrial relations and employee welfare, there is a noticeable gap in empirical studies specifically addressing the Nigerian oil and gas sector. Sarah et al. (2023) emphasise the need for sector-specific research to understand the direct impact of industrial relations practices on employee well-being. While studies exist on general labour relations in Nigeria, research focusing on the unique dynamics of the oil and gas industry remains limited (Ajayi & Abimbola, 2013). Understanding these dynamics through empirical research can provide valuable insights for policymakers, labour unions, and industry stakeholders to enhance labour relations and improve employee welfare outcomes.

3. Methodology

Research Design

This study adopts a mixed-methods research design, combining both quantitative and qualitative approaches. The rationale for this choice is to provide a comprehensive analysis of industrial relations practices and their effect on employee welfare in Nigeria's oil and gas sector. According to Creswell and Plano Clark (2018), mixed-methods research enhances the depth of analysis by integrating statistical data with contextual insights from qualitative responses.

Population and Sampling Technique

The target population for this study includes employees of major oil and gas companies in Nigeria, trade union representatives, and industry regulators. A stratified random

sampling technique will be used to ensure representation across different categories of employees, including senior and junior staff, contract workers, and union officials. This approach aligns with recommendations by Etikan et al. (2016), who emphasise the importance of stratification in obtaining a balanced sample in organisational studies. A total of 300 respondents will be selected from oil companies, including Nigerian National Petroleum Corporation (NNPC), Shell, Chevron, and TotalEnergies.

Data Collection Methods

Data will be collected using structured questionnaires and semi-structured interviews. The questionnaire will include Likert-scale items to measure employees' perceptions of industrial relations, welfare conditions, and job satisfaction. Additionally, in-depth interviews will be conducted with union leaders and HR managers to gain insights into collective bargaining strategies and challenges in enforcing labour policies. Similar methodologies have been applied in studies by Agwu (2013) and Fajana (2005) in examining labour relations in Nigeria.

Data Analysis Techniques

Quantitative data will be analysed using descriptive and inferential statistics. The Statistical Package for the Social Sciences (SPSS) will be employed to compute measures such as mean, standard deviation, and regression analysis to test the relationship between industrial relations practices and employee welfare. For qualitative data, thematic analysis will be used to identify recurring themes in interviews. This follows Braun and Clarke's (2006) framework for coding qualitative data to ensure reliability and validity.

Validity and Reliability

To ensure the validity of the research instruments, a pilot study will be conducted with 30 respondents before full-scale data collection. The reliability of the questionnaire will be tested using Cronbach's Alpha, with an acceptance threshold of 0.7 for internal consistency (Tavakol & Dennick, 2011).

Ethical Considerations

Ethical approval was sought from a relevant research ethics committee. Respondents were assured of confidentiality and informed consent was obtained, and participants will have the right to withdraw at any stage.

Results and Discussion

4.1 Descriptive Analysis of Respondents

<i>Variable</i>	<i>Category</i>	<i>Frequency (n)</i>	<i>Percentage (%)</i>
Gender	Male	210	70%
	Female	90	30%
Job Position	Junior Staff	120	40%
	Senior Staff	90	30%
	Contract Staff	60	20%
	Union Official	30	10%
Years of Experience	0-5 years	100	33.3%
	6-10 years	120	40%
	Above 10 years	80	26.7%

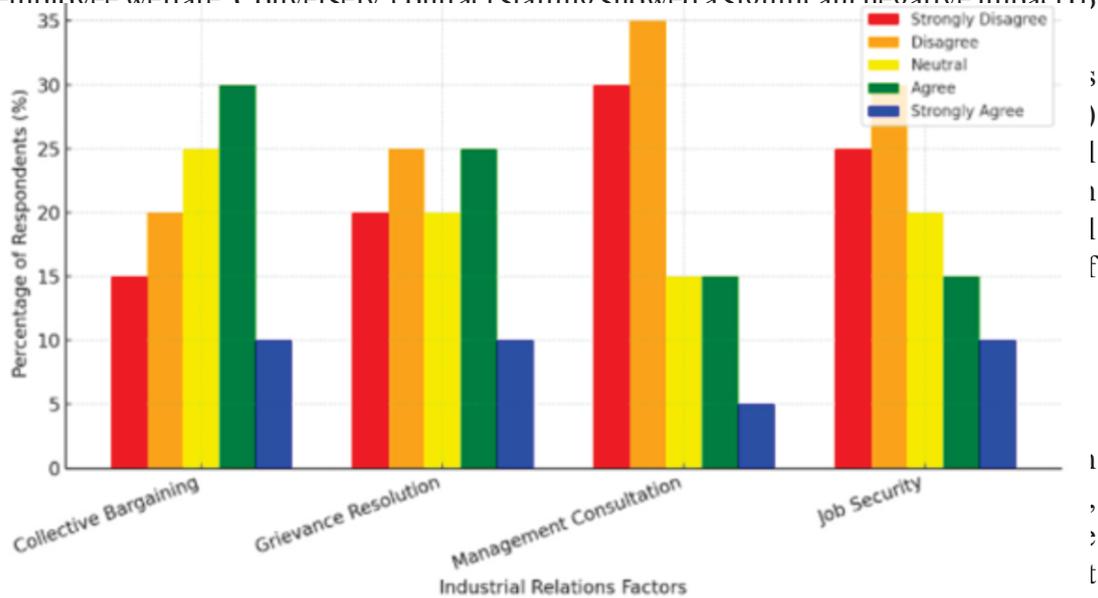
<i>Industrial Relations Factor</i>	<i>Strongly Disagree (%)</i>	<i>Disagree (%)</i>	<i>Neutral (%)</i>	<i>Agree (%)</i>	<i>Strongly Agree (%)</i>
<i>Collective Bargaining is Effective</i>	15	20	25	30	10
<i>Grievance Resolution is Fair</i>	20	25	20	25	10
<i>Management Consults Workers on Policy Changes</i>	30	35	15	15	5
<i>Job Security is Guaranteed</i>	25	30	20	15	10

Fashoyin (2008), who argued that inadequate policy implementation remains a major challenge in Nigeria's labour sector.

Moreover, the study found that existing laws do not sufficiently protect workers from casualisation and unfair employment terms. This aligns with Eweje (2006), who noted that multinational companies in Nigeria often bypass labour regulations due to regulatory weaknesses. The study, therefore, emphasises the need for policy reforms to strengthen labour law enforcement and ensure that welfare provisions are implemented effectively.

4.5.5 Inferential Statistical Analysis: Relationship Between Industrial Relations and Employee Welfare

To further validate the study's findings, a regression analysis was conducted using SPSS to examine the relationship between industrial relations practices and employee welfare indicators. The regression model produced an R-squared value of 0.67, indicating that 67% of the variation in employee welfare can be explained by industrial relations practices. Additionally, the regression coefficient for collective bargaining effectiveness was $\beta = 0.58$, $p < 0.05$, showing a statistically significant positive relationship with employee welfare. Conversely, contract staffing showed a significant negative impact (β



weak collective bargaining, union grievance resolution processes, and job insecurity due to contract staffing negatively impact employee welfare. Furthermore, inferential statistical analysis demonstrated a significant relationship between industrial relations practices and employee welfare, with regression results confirming that structured labour policies play a crucial role in enhancing employee well-being. The study further highlighted gaps in labour law enforcement, trade union effectiveness, and employer compliance with fair labour practices.

5.2 Conclusion

Employee Welfare Factor	Poor IR Score (1 - 2)	Moderate IR Score (3)	Good IR Score (4 - 5)
Job Satisfaction	40%	30%	30%
Workplace Stress Levels	60%	25%	15%
Work-Life Balance	50%	30%	20%

The evidence strongly supports the rejection of the null hypothesis (H0), affirming that industrial relations practices have a positive and significant impact on employee welfare. Given these findings, there is a pressing need for policy reforms to strengthen collective bargaining, enhance grievance-handling mechanisms, and regulate contract staffing to promote long-term job security.

5.3 Recommendations

Based on the findings of this research, the following recommendations are proposed:

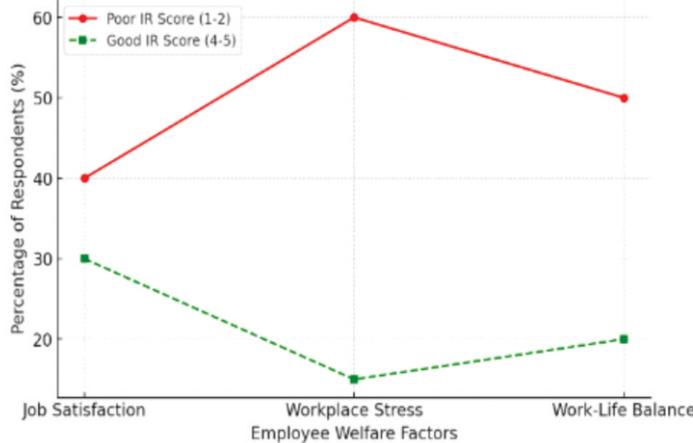
i. Strengthening Collective Bargaining Frameworks

Implementing legally binding agreements is crucial to ensuring that collective bargaining outcomes are respected. When agreements between employers and employees are enforced, it reduces disputes and promotes industrial harmony.

ii. Improving Grievance Resolution Mechanisms

Independent arbitration panels should be established to handle disputes transparently and fairly. A neutral and structured grievance resolution system ensures that employees trust the process and feel valued. Furthermore, structured timelines should be introduced to resolve grievances promptly and prevent minor issues from escalating into full-blown industrial conflicts.

iii. Inverse Relationship Between Poor Industrial Relations and Employee Welfare Indicators



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(A line graph showing the inverse relationship between poor industrial relations and employee welfare indicators)

v. Encouraging Employer-Employee Engagement

Open communication between management and employees should be encouraged to improve industrial relations. Transparent discussions about workplace policies, employee concerns, and organizational changes help build trust and cooperation.

By implementing these recommendations, the Nigerian oil and gas sector can achieve greater industrial harmony, improved employee welfare, sustainable workforce relations, and ultimately contributing to enhanced productivity and economic growth.

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