

(12)



Volume 15, Number 2, 2016

ADVANCES IN MANAGEMENT

*A Publication of
The Department of Business Administration,
University of Ilorin, Ilorin, Nigeria.*

Advances

In

Management

**Journal of the
Department of Business Administration
University of Ilorin, Ilorin, Nigeria.**

**A Publication of
The Department of Business Administration
University of Ilorin, Ilorin,
Nigeria.**

ISSN: 0795-6967

VOLUME 15, NO. 2, (2016)

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Aremu, N.S.
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ABSENCE OF EMPLOYERS' ASSOCIATION IN THE OIL AND GAS, AND AVIATION INDUSTRIES IN NIGERIA: A CRITICAL ANALYSIS

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Abstract

The objective of this paper is to examine the absence of employers' association in the oil and gas, and aviation industries in Nigeria. To do this, we adopt a theoretical and observatory approach. The paper looks at the rationale and benefits of having employers' association and the essence of industry-wide bargaining. Employers' association are meant to protect the interests of their members at the bargaining table with the unions and influence government policies in their favour. In the oil and gas, and aviation industries, the presence of multinationals and the dominance of government as an employer of labour and at the same time the regulator of the industries have affected the emergence of employers association in the sectors. This has resulted to no common and united voice which is detrimental to the collective bargaining power of employers associations especially in an attempt to influence government policies. The study concludes that employers need to form association as a union in order to pursue their common goal rather than individual or separate interest. The paper recommends that government should come up with legislations and policies that would encourage employers to form associations to promote healthy industrial relations practice.

Keyword: Trade Union, Employers Association, Industry-Wide Bargaining

Introduction

It has become obvious that coming together of employers to form an association, whether in a particular industry or at the national level, is welcomed in the face of the Nigerian labour law. This is necessary in order to promote and defend the right, well-being and interests of workers and employers in the work place and society. Formation of trade union become more sufficiently pronounced and promoted to earn the workers and employers a commonly unified workforce for industrial peace and harmony to reign supreme. Verma & Mohan (2011) see trade union as a continuing long term association of employees formed to promote, protect and improve, through collective action, the social economic and political interest of its members. The coming together of workers and employers concurrent to the above is no doubt legally known and recognized in the details of the Nigeria labour law.

Before the restructuring of the Nigerian Labour Movement in 1978, there were proliferation of unions and it was difficult for any analyst to classify the unions into tiers of junior or senior staff unions, let alone having employers' association. Even in the same industry, employees in the same occupations have unions proliferated. However, the trade union restructure of 1978 which was done by the M. O. Abiodun led committee brought about three tiers of unionism in Nigeria (The Industrial Unions, Senior Staff Associations, and Employers Association). As the law permits in each industry, there should be three unions for the purpose of collective bargaining. However, some employers' have failed to utilise the opportunity provided by the law to form employers associations in their industries. This has been observed in the oil and gas, and aviation industries.

The aviation industry has National Union of Air Transport Employees (NUATE) as its industrial unions which is responsible for the junior workers in the sector, the Air Transport Senior Staff Association of Nigeria for senior employees in the industry (ATSSAN), and National Association of Aircraft Pilots and Engineers (NAAPE), but the airline operators who are the employers in the industry have refused to come together to have a common front with wish to engage the employees and their unions. In the same vein, the oil and gas industry has National Union of Petroleum and Natural Gas Workers (NUPENG) for junior workers and Petroleum and Natural Gas Senior Staff Association (PENGASSAN) for senior staff, also no employers association.

Indeed, the absence of employers' organisations in the oil and gas, and aviation industries has been observed and noted which contributed to lack of common voice and a unity on a common platform (Ananaba, 1970; Otobo, 2005 & Rose, 2008). However, detail research has not been done to know why and what the consequence of such gap infers both for the organizations, employers and the

employees.

The pertinent questions are; why employers in the industry are reluctant to organize themselves for collective bargaining? Are employers in these industries not aware of the benefits of coming together collectively? Do they not feel the need to come together for the sole purpose of collective bargaining at the industry level and the influence of government policies to their favour? These and many other questions is what this paper intends to inquire. Hence, there is a need to investigate the absence of employers' association in the oil and gas, and aviation industries in Nigeria.

Literature Review

In all regions and claimed employers Organisations (EOs) are entities that promote the collective interests of business, across sectors, irrespective of enterprise size (ILO, 2012). Given the range and content of such collective interests vary from one country to another, the structure, membership basis and functions of EOs differ widely between countries. Rose (2008) sees employers' association, as organisations which consist wholly or mainly of employers or individual owners of undertakings of one or more descriptions and whose principal purposes include the regulations between employers of that description or those descriptions and workers or trade unions. Employers associations therefore exist mainly for the purposes of industrial relations and to pursue the business interest of their members.

Employers associations or organisations can come in different forms. Silva (2002), opined that there are organisations established to protect and promote the interests of employers affected by the economic, political and social environment in which business is conducted (e.g. trades, investment, tax and tariff issues). Organisations such as Chambers of Commerce fall in this category. The second type of employers organisations aim at protecting and promoting employers interests on labour related matters which fall within what is broadly termed the social policy field. This category best qualifies for the term employers' organisation. The third type consists of organisations that similar to the first, except that they combine the social policy role while this paper focused on the second type of employers' organizations.

Rationale for Employers Organisation

Employers' organizations were developed, to a large extent, as a response to the emergence of trade unions. Employers found it necessary to have recourse to an organization which could deal with trade unions on their behalf and balance union influence by uniting employers to respond to union initiatives. Government interventions in the labour market also provided a rationale for employers'

organizations to ensure that policies and legislation did not adversely affect business growth and development. Concurrent to this, it provides a collective voice for employers on labour-related issues, employers' organizations facilitate employer participation in tripartite processes leading to the formulation of labour policy. Membership of States in the ILO has also contributed to the formation of employers' organizations, to ensure that employers' interests could be taken into account in the ILO's work. Also engaging in collective bargaining at the national and industrial levels has been an important rationale for the emergence of employers' association. Business communities everywhere need to be unionized to secure the interests of capitalists in the social and economic fronts. Even in countries with well-structured and stabilized private sectors, employers are organized to speak with one voice on threatening industrial relations issues to promote business growth and the emergence of a conducive context for firms' survival.

In addition to influencing the external (policy) environment to make it conducive to enterprise growth, employers' organizations act as the 'watchdog' of private enterprise and promote the public image of their members. Employers' organizations also have the formidable task of seeking to change the business environment through lobbying, making representations to government on concerns as well as problems that can hinder enterprise development. They need to be on the vanguard of the promotion of laws as well as opposing laws they deem inimical to business interests. Their actions help to sort out bureaucratic bottlenecks endemic in some contexts.

The inevitability of employers association is obvious as shown in the rationale or reasons for an employers' organisation in any industry. Meaning in an industrial relations system like that of Nigeria the role employers' association is meant to play cannot be overemphasized. Against the functionality roles of the employers association it is coastally cleared that need actually arise and much as well must be provided. Hence, the overview of the association which beams light further on this as the imperative should not be denied.

Overview of Employers Association in Nigeria

The promulgation of the Nigerian Trade Union Ordinance of 1938, employers of labour were accorded same rights and privileges of organisation and registration as the organisations of employees, although Nigerian and expatriate employers organise separately (George, Owoyemi & Onokola, 2012). In the 1950s when the various Regional Governments were offering increase in wages partially to alleviate workers' suffering and more importantly to get votes, employers in the private sector were hard hit as their workers were asking for similar increases in salaries as their counterparts in the civil service (Ananaba, 1970). This led to the coming together of all employers; both Nigerians and expatriates, it was therefore

no surprise at the inauguration when twenty - eight members companies were represented which included: UAC and Shell-BP (Cohen in George et al, 2012).

Employers association developed lately in the country compared to the rate at which trade unions emerged in the 1930s especially after the promulgation of the Trade Union Ordinance of 1938 which gave unions legal recognition and allowed formation of unions by minimum of 5 employees. Reasons adduced for last emergence of employers association are given by the scholars (Fashoyin. 1992; Fajana, 2000; Ananaba, 1970) as follows:

- ◆ The proliferation and outrageous growth of trade and house unions along with reluctance of employers to accord recognition to unionists from outside the organizations.
- ◆ Employers' were unwillingness to share their labour relations successes and failures to themselves. They see themselves as rivals, they perceived sharing of experiences as counter-the principles underlying the nature relationship among rivals
- ◆ The trade unions at the time were too weak to constitute a formidable force that can induce employers to band together.
- ◆ The low proportion of wage employment in the private sector also contributed to the employers not facing formidable threats requiring the formation of employers associations.
- ◆ Indifference attitude of the employers in the private sector to industrial relations activities in the country also contribute to the late development of their associations.
- ◆ The wide dichotomy between the formal and informal sector also led to the few employers in the formal sector not group together to form a union.

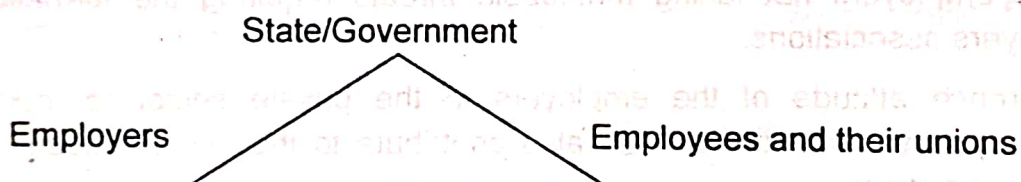
Later the need for the emergence of employers association in the country eventually surfaced in the 1970s. During that period there was a change in the employers' policy from the individualistic tendency to coalition and collaborated effort for concerted action on labour relations sequel to the fact that unions have been given enough power by legislative actions of the government. Similarly, the restructuring exercise that led to the creation of big and stronger industrial unions emerges: government legislations in areas of wage determination, collective bargaining, incomes policy, settlement of trade disputes and social welfare induced private employers to seek a common platform for dealing with the unions on the one hand and influencing public policy on the other.

Conceptual Framework

An employers association is needed for bargaining purposes both at the industrial and national levels, if not for anything else. Otobo (2005) stressed that an industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, and ideology which binds the industrial relations systems together and a body of rules created to govern actors at the workplace and work community. The essence of industrial relations system's actors, is to come up with rules that would guide actions and behaviours of the actors within the industrial relations system. The rules according to Flanders (cited in Otobo 2005) can be in two forms; procedural and substantive. These rules are the agreements reached by the actors in the system. The procedural rules deals with such matters as the methods and stages followed in the settlement of disputes while the substantive rules refer to the wages rates, working hours and other terms and conditions of employment. Collective bargaining can therefore be used to set and regulate terms and conditions of employment at different levels, whether national, industrial or company levels. The figure below is a replica of bargaining levels and their coverage.

Figure 1

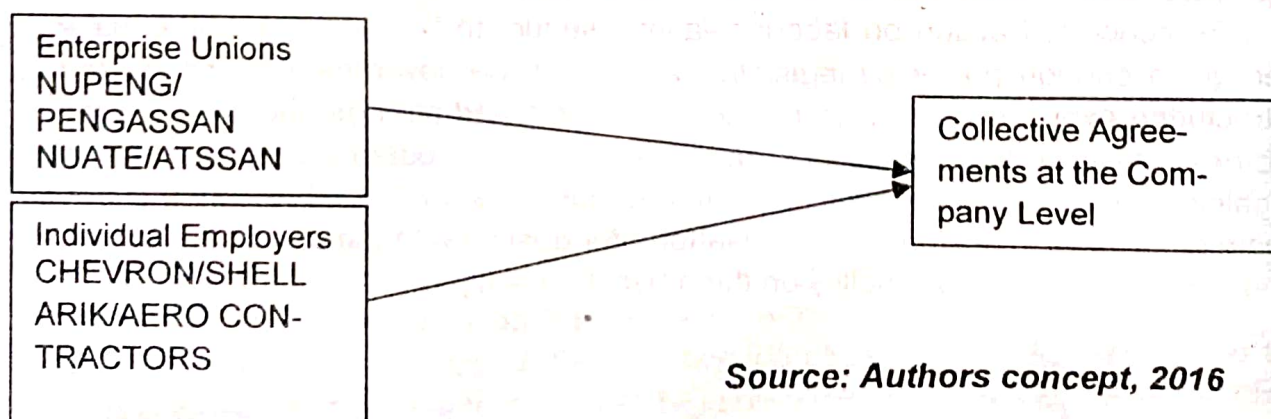
An Industrial Relations System



Source: Author concept, 2016.

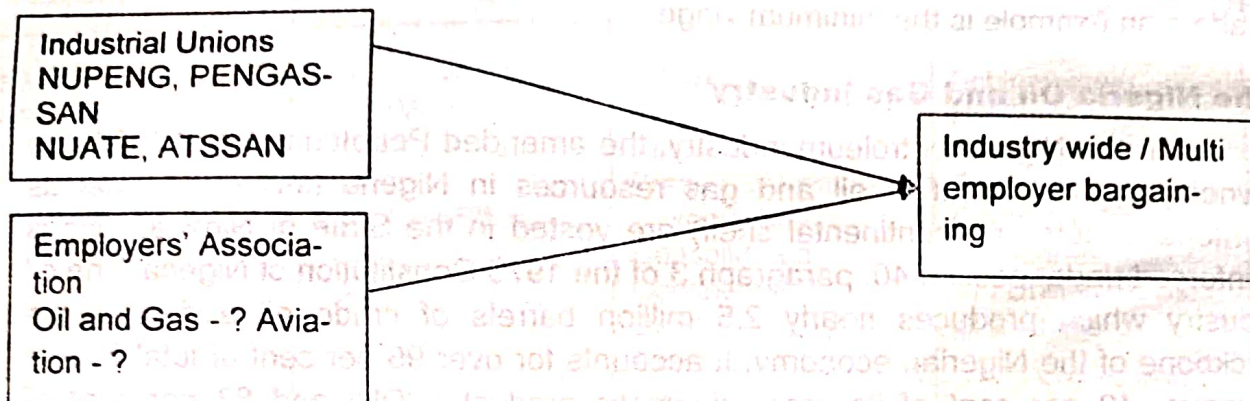
Figure 2

Company level bargaining



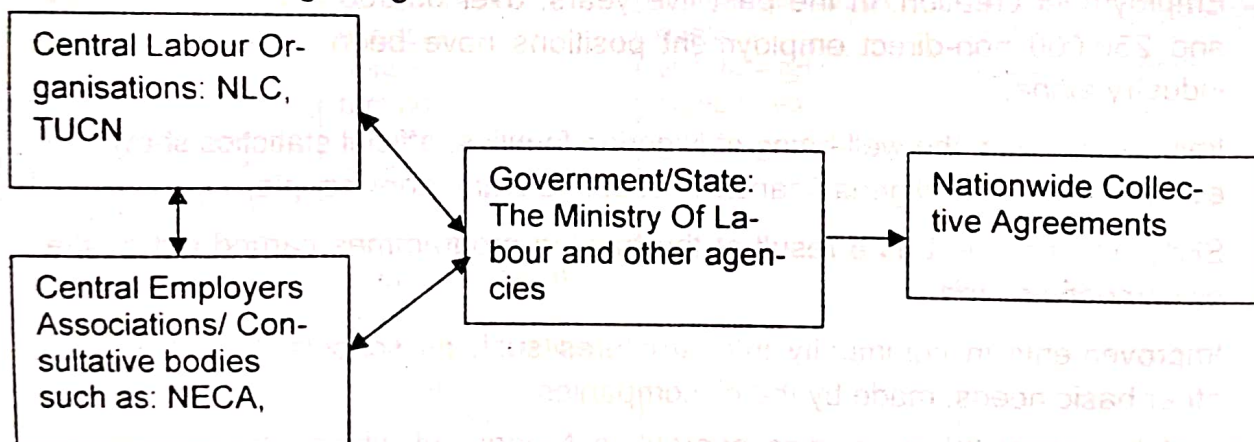
Source: Authors concept, 2016

Figure 3
Industry level bargaining



Source: Authors concept, 2016

Figure 4
National Level Bargaining



Source: Authors concept, 2016

The figures 2, 3 and 4 above depicts the bargaining relationships at various levels between the actors in an industrial relations system as shown in figure 1. In the oil and gas, and aviation industries, it is obvious that collective bargaining, which is the machinery that sets terms and conditions of employment is available at the company level and not at the industrial level. This translates to the fact that much agreements reached at the company level only affects workers only in the establishment in which it has been reached and cannot be applied to all companies in the sector. That is why the wages, and other terms and conditions of employment vary from company to company. At the national level, the terms and conditions

reached such the minimum wage and others applies to all workers and employers throughout the nation especially all are duly represented at the bargaining table. Such type of agreements leads to legislations made by the government on labour matters an example is the minimum wage.

The Nigeria Oil and Gas Industry

In the Nigeria petroleum industry, the amended Petroleum Act of 1969, the ownership and control of oil and gas resources in Nigeria (including under its territorial waters and continental shelf) are vested in the State of Nigeria. This is reinforced under section 40, paragraph 3 of the 1979 Constitution of Nigeria. The oil industry which produces nearly 2.5 million barrels of crude oil a day, is the backbone of the Nigerian economy. It accounts for over 95 per cent of total foreign revenue, 40 per cent of its gross domestic product (GDP) and 83 per cent of government revenues (National Assembly, 2004; Yates, 2004). Nigeria is the sixth largest crude oil producer in the world, with proven reserves of 24 billion barrels and possible reserves of up to 80 billion barrels.

The Nigerian oil industry has brought a number of benefits to the people of Nigeria:

- ◆ Employment creation: in the past five years, over 65,000 direct employment and 250,000 non-direct employment positions have been created in the oil industry alone;
- ◆ Improvements in the well-being of Nigerian families: official statistics show that every oil worker in Nigeria financially supports eight other people;
- ◆ Skills advancement as a result of the training programmes carried out by the oil companies; and
- ◆ Improvements in community infrastructures such as schools, hospitals, and other basic needs, made by the oil companies.

Seven of the major oil companies operate in Nigeria, of which Shell Producing Development Corporation (SPDC) is the largest. It controls about 60 per cent of Nigerian oil production, followed by ExxonMobil, ChevronTexaco, Agip, TotalFinaElf, Esso and Conoco. These companies are joint ventures with the Federal Government of Nigeria, which holds a majority share of between 55-60 per cent, through the Nigerian National Petroleum Corporation (NNPC) (table 1)

Table 1: Oil Companies Operating in Nigeria

National Oil Company	Multinational Oil Company	Independent Oil Company	Service and Supply Company
NNPC (Nigerian National Petroleum Corporation)	Royal/Dutch Shell, ExxonMobil, ChevronTexaco, Forte, Total Fina Elf, Esso, Conoco	Addax, Amni, Atlas, Brass, Cavendish, Consolidated, Continental, Dubri, Express, Famfa, Montcrief, Peak, Summit and others, Seplet, Folawiyo	Schlumberger, Halliburton, Western Atlas, Baroid, Cameron, BJ Hughes, M-I Drilling Fluids and others
NNPC and its subsidiaries are partners in major oil ventures. They have extensive domestic operations downstream, own large reserves of oil and gas and have the monopoly of the oilrefining and petrochemicals sector. NNPC depends on the Government for its funding and has limited access to international capital Markets	Companies operate internationally with considerable financial resources, technological know-how and extensive information networks. Their activities in Nigeria are usually limited to upstream operations.	These are mostly indigenous companies which operate with foreign companies	They are mainly multinationals with strong R&D. Nigerian companies are now entering into services, e.g. Lonestar Drilling, Sowsco Well Services and others.

Source: Fajana (2005) ILO working paper

In the oil sector in Nigeria, collective agreements are negotiated at the company level. There are no industry-wide negotiations because of the inability of the oil employers to come together for collective negotiations. Some oil employers meet informally to review industry trends but do not engage in industry-wide collective negotiations with NUPENG and PENGASSAN national bodies. Each company and their employees constitute a bargaining unit. Wage increases and

other terms of working conditions are negotiated at the company level. The outcomes of the negotiations are therefore often governed by each company's financial situation.

The Nigeria Aviation Industry

The aviation industry is also a viable sector in the Nigerian economy. It has been responsible for the movement of goods and passengers in and out of the country for effective business transactions and economic purposes. The aviation industry has its history in the country since independence. The industry which is full of multinationals and presently devoid of any national carrier is highly regulated by the government through its agencies such as Nigeria Airspace Management Agency (NAMA), Federal Airport Authority of Nigeria (FAAN), and Nigeria Civil Aviation Authority (NCAA). Organisations presently in the aviation are presented below:

Table 2 Organizations in aviation industry Nigeria

S/N	AIRLINE
1.	Aero Contractors (It has presently suspended its operations)
2.	Air Nigeria (Formerly Virgin Nigeria)
3.	Allied Air
4.	Arik Air
5.	Associated Aviation
6.	Capital Airlines
7.	Chachangi Airlines
8.	Dana Air (Licensed currently seized by the FG)
9.	First National Airways
10.	IRS Airlines
11.	Kabo Air
12.	Max Air
13.	Med-View Airline
14.	Overland Airways
15.	Pan African Airlines
16.	TAT Nigeria
17.	Wings Aviation
18.	South African Airways
19.	Qatar Airways
20.	Fly Emirates

Source: Authors' conceptualization, 2016

From table 2, it is obvious that most of the operating airlines and employers in the aviation industry are multinationals.

Employers Association In the Oil and Gas, And Aviation Industries: An Absence Analysis

The benefits of industry-wide bargaining cannot be overemphasised as Dialli (Anyim, Elegbede & Gbajumo-Sheriff (2011) pointed out that industry-wide bargaining will prevent the unfair exploitation of a weak employer by a powerful union. He further stated that uniform conditions of service in the industry will lead not only to an equitable system of remuneration for all employees in the industry but will also contribute immensely towards the maintenance of a stable and reasonable contented labour force by minimising the unhappy tendency of experienced staff hoping from one establishment to another for purely economic reasons.

Although, this position is true, from the research done by on the industries, it was found that most organisations in the industries (oil and gas, and aviation) are multinationals and they have the character of competition in all forms of their operations. They compete on products, market, materials, employees, wages and salaries, and other conditions of employment. The leaders in the industry would always want to maintain its lead in terms of labour relations success and others catching up. This has been observed as being the very reason why they have not come together to negotiate with the industrial unions. This point and position has been buttressed by Anyim et al (2011), stated that industry-wide bargaining tends to be too unwieldy and could possibly lead to neglect of interests of some sections of the workforce with its attendant repercussions.

Another reason for this gap as observed is the reluctance of the multinationals to come together and form employers association. Although Akintayo in Anyim et al (2011) opined that bargaining on a market basis permits the pooling of bargaining strength and provides each small employer with access to expert services in the negotiation and administration of collective agreements, multinationals in their character have been known to be arrogant and like to relate with the government directly, they always feel they are too powerful to relate with any other organisation apart from the government.

Obviously, one of the reasons for the absence of employers association in the oil and gas and aviation industries is the presence of the bigger party in the industrial relations system. The government's presence in the two industries cannot be underestimated as it regulates the activities of all companies operating in the industries. In the oil and gas, governments own the major percentage of shares in all the joint ventures and production sharing agreements entered into by the organisations in the industry (SHELL, CHEVRON, MOBIL etc) and regulate most of the activities of these companies through its parastatals such as NNPC,

Department of Petroleum Resources etc. In the aviation industry, FAAN, NCAA and NAMA are government watch-dogs in the sector. The presence of government in the sector has also contributed to the absence of employers association in the industries. This is because, anywhere the government finds itself in industrial relations terrain it always find it difficult to negotiate with workers or see the need to set terms and conditions of employment with them not until when there is threat of strike, they always resort to wage commissions and tribunals and industrial courts. This in a way has not encouraged the employers in the industries to see the need to form employers association for industry-wide negotiations in spite of the weighty benefits that posed to help the industrial relations processes in the industry.

Another reason that has been observed for this trend is the structure of the industries. The oil and gas sector is divided into the upstream, middle stream and downstream sectors and organisations in these sectors they are different and operate in a different terrain, organisations that operate in any of the sector would not want to join associations with others in another sector and if the trio forms employers' associations separately, this might lead to proliferation of employers' organisations in the industry. In the same vein, the aviation industry offers organisations that are real airlines and others that are flight support service providers. Different employers' organisations for these two groups can also lead to proliferation of the association.

Also the relative low importance attached to industrial relations in companies in the two industries has also contributed to the absence of any association of their employers for common front with the unions. The fact that multinationals who are mostly in these industries, believe in paternalism always make them have a lukewarm attitude towards unions and industrial relations issues in the workplace. This is obvious in the rate of non-standard employment generated by these companies. Recently, the operation of Aero Contractors was suspended due to the labour crisis in the company. Okafor in Fashoyin et al (2013) also gave the following rate of non-standard workers in oil and gas establishments in Nigeria as follows: Mobil Producing-100%, Mobil Oil-81.7%, Shell-93.9%, Agip-87.7%, Chevron-87% to mention a few.

Although the reasons given above are in the opinion of the author based on observation of the two industries, there are some unpopular and inefficient associations on the part of some companies in the two industries. These associations do not really form what can be termed as an industry employers' association. An example is the Petroleum and Natural Gas Employers Association as seen on the list of affiliate members of NECA (see NECA's website). Fajana (2005) opined that this is just a coordinating body of oil and gas employers but lack the capacity for maintaining industrial relations with its counterparts. Also there is the Major Oil Marketers Association of Nigeria (MOMAN), Depot and Petroleum

Products Marketers Association (DAPPMA), Independent Petroleum Marketers Association of Nigeria (IPMAN). In the aviation industry, as stated earlier that there might be proliferation of unions, there is the Association of Foreign Airlines Representatives in Nigeria (AFARN) which comprises of Companies certified by the Nigerian Civil Aviation Authority (NCAA) as Agents of Foreign Airlines. All these also lack the capacity to negotiate with industrial unions to have an industry-wide agreement. However, on issue of fuel subsidy and petroleum product price fixing committees, MOMAN, DAPPMA and IPMAN are duly represented.

Theoretical Framework

Trade unionizing is indeed an organization with an effect to balance the activities of the workers (the proletariat) and capitalist (bourgeois) to prevent enslavement and other possible deprivation. The central effect and importance of trade unionism is rightly in the protection of his member's interest and concern in the world of work.

Karl Marx theory sees trade union as an organizing centre and avenue that promotes purposeful labour management, offering opportunity to dialogue on issues that give work related to guarantee industrial peace and harmony. It provides the working classes they are the representatives of the prime instrument of class struggle between proletariat and the capitalist bourgeois. Trade unions emerge as an attempt by the workers to get rid of competition involves in obtaining at least such contractual conditions that would make them raise above the status of bore slaves. Marx belief that emergence of trade union movement would get away inevitably the decay of capitalism tendency and the potential of trade unionism for revolutionary overthrow of the capitalist system.

Consequently, Karl Marx as reported by Sivarethinamohan (2010) advocated in strong terms that the working class must not divert itself from the revolutionary programme and the effort to stamp out capitalist system and orientations. Hence, he sees trade union as a political agency to see off capitalism. He noted the imperative need for the workers of the world to join hand and come together in an international movement to wipe out capitalism.

Sidey and Beatrice P. Webb reported by Adewumi (1997) in their work on industrial democracy, see trade unionism as a non- revolutionary theory of industrial democracy. However, they considered trade unionism as an extension of the principle of democracy in the sphere of industry which may equalize the bargaining power of labour and capital. It makes it possible to establish uniform rules (common rules) in respect of wages, working hours and working conditions. They also recognized permanency of class conflict but they thought that a solution could be found out through egalitarian and collectivity on agreements.

They held that trade unionism is not a revolutionary tool design to overthrow

the capitalist or capitalism regime. Similarly, they did not think as well that it is necessary to complete overthrow or jettison the working class. The central objective of trade unionism according to them is to replace "industrial autocracy" with "industrial democracy." Thus, they see the special function of the trade union as the democratic administration of the industry which trade union movement serves as an important vehicle and tool of evolution and process of the sand mandate.

Empirical Review

Notably studies have revealed that for workers to be unionized, indeed offers a greater and better opportunities to the interest and concern to workers. As it seeks to add values, promote and progress improve working conditions of the labour. The case of Hindustan lever limited versus Ashoic Vishwukate and others decided by the supreme court of India affirmed that even a threat of discharge or dismissal of an employee against joining a trade union will amount to unfair labour practice (Sivarethinaomohan 2010). Thus, having a unified and common voice is indeed a way forward to progress the membership of the union and the stake and future of the overall gamut of the work and the industry in particular. Thus, any work industry that has a contractual terms and standard, stands to be greatly encouraging and attractive to the labour having set standard and regularization techniques must clearly attractive to the interest and concerns of the labour.

In the same vein, trade union do serves and plays a positive role in correcting fraud and malpractices in the system. Trade union been a known whistle blower, serves to prevent and curtail fraudulent practices in many instances. The case of Senior Staff Association of Nigeria University (SSANU) where it was alleged that the Vice chancellor of the Federal University of Technology Akure, Professor Daramola bordering on fraud and on misappropriation of fund. The case of vice chancellor (outgoing) of federal university of agriculture Abeokuta is another case in Academic Staff Union of University ASUU and SSANU of the university branch help to make known to the public. The two cases are presently been investigated by the Economic and Financial Crime Commission (EFFC) and still on-going to determine the level of culpability of the allegation against the two some (see the punch, 25th November 2016)

Conclusion

The need for all the parties/actors in an industrial relations system to come together for the negotiation of rules and regulations that would guide their relationships for harmonious coexistence cannot be overemphasised at all levels. At the industry level, employers need to form associations as unions in order to come up with terms and conditions of employment for an entire industry in the spirit of oneness and fairness to all parties in the industry. If this is replicated in the oil and

gas, and aviation industries as we have in other industries, sound industrial relations practices would be the order of the day.

Recommendations

The Federal Government and aviation stakeholders should ensure that Employers' Association for both domestic and foreign airlines including agencies of government are formed and registered as employers' trade union in the sector in conformity with the practice in other sector of the economy. And that both employers and trade unions should unite in the discharge of their duties to enhance safety and security of the passengers and goods in the aviation sector.

Since the oil and gas sector is the mainstay of the economy, there is a need for employers in the industry to come together as association and have a common front in order to facilitate effective and efficient in harmonious relations.

The Federal Government as a stakeholder in the two industries and having ratified the ILO conventions No 87 and 98 of 1948 and 1949 respectively should encourage the employers in the industries to form employers association so that the gains of industry-wide bargaining can be enjoyed by all stakeholders in the two industries since it is the government that brought industrial unions for multi-employer and industry-wide bargaining. Also the government should come up with legislations and policies that would encourage employers in the two industries to form employers' associations.

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