

**IMPERATIVES OF GOOD INDUSTRIAL RELATIONS MANAGEMENT IN
THE NIGERIAN BANKING INDUSTRY: AN EMPIRICAL STUDY OF
SELECTED COMMERCIAL BANKS IN DELTA STATE**

Ighoroje Ese James

Department Of Banking and Finance, Delta State Polytechnic Ozoro

Email: eseroji@gmail.com

Okoh Lucky

Department Of Business Administration And Management, Delta State

Polytechnic, Ozoro

luckyokoh81@yahoo.com

Abstract

This study was carried out to investigate the imperatives of good industrial relations management in the Nigerian banking industry: An empirical study of selected commercial banks in Delta State, Nigeria. A set of structured questionnaire was used as the instrument for data collection and administered on 60 respondents of the commercial banks under study randomly selected using Yaro Yemane formula. Applying this formula, the sample size from a population of 70 is 60 respondents at 95% confidence level. Data analysis was made and the hypotheses formulated were tested using Kruskal Wallis one-way analysis of variance by rank. The findings revealed that positive and significant relationship exists between good industrial relations management in the banking industry and improvement of the morale of the employees and providing the activities in the country. It was concluded that good industrial relations management is necessary for the performance and survival of the banking industry in Nigeria. The study, however, recommended good human resources management, recognition of the sources or causes of disagreements and evolve measures to address appropriately and a host of others for good industrial relations management in the Nigerian banking industry.

Keywords: Imperatives; Industrial Relations; Management; Banking Industry

Introduction

Scientific management recognizes human resources as the most important and critical asset of any organization. Without them, organizations are not more than mere assemblages of buildings, plants and equipment. It also recognizes that the psychological happiness of the individual is strongly influenced by his experience at work and that this strongly influences his productivity.

Managers have therefore sought ways of promoting the workers' happiness in order to secure maximum output and productivity from him.

One way of achieving this objective is personnel management. This seeks to get the right person for the right job at the right time and the right place. It also seeks to identify and address what motivates employees to work harder and put out their best. Though well intentioned and apparently benevolent, personnel management has a number of shortcomings.

It tends to be one-sided, a sort of handout from the employer without much input from the employee. Little or no negotiation usually takes place. Even where there is negotiation the worker is usually disadvantaged with weak bargaining power pitched against the right of the employer. Finally, employees are governed by their individual contracts of service together with rules and regulations unilaterally drawn by the employer industrial relations evolve to correct the above anomalies particularly the imbalance of power between the employer and the employee.

It is in the light of this assumption that this study seeks to x-ray the imperatives of good industrial relations management in the Nigeria banking industry: An empirical study of selected commercial banks in Delta State, Nigeria.

Statement of the Problem

In the management of human resources, there are two parties involved. These two parties have two divergent objectives to achieve i.e. the achievement of one objective may jeopardize the achievement of the other. The two parties involved are the employers and the employees. Employers wish to realize as much profit as they can and the employees wish to obtain highest reward as possible from the effort contributed to the organization. It is a known fact that more profit to the employers means less reward that can be available to be paid in form of wages or salaries to the employees. This scenario can bring chaos, mistrust, problems, etc. between employers and employees if not properly managed.

This study tries to explore how this relationship can be managed to ensure smooth functioning of organization so that its objectives can be realized.

Objectives of the Study

The two main objectives of the study are:

- i. To identify the extent to which good industrial relations management in the banking industry improves the morale of the employees.
- ii. To find out whether good industrial relations management in the banking industry contribute significantly in providing the economy with funds to finance economic and social activities in the country.

Research Questions

The following two questions were raised to guide the study.

- i. To what extent does good industrial relations management in the banking industry improves the morale of the employees?
- ii. Does good industrial relations management in the banking industry contribute significantly in providing the economy with funds to finance economic and social activities in the country?
- iii. **Research Hypotheses**

For the purpose of this study, the following hypotheses are considered relevant.

1. Good industrial relations management in the banking industry in Nigeria significantly help in improving the morale of the employees.
2. Good industrial relations management in the banking industry in Nigeria contribute significantly in providing the economy with funds to finance economic and social activities in the country.

Scope of the Study

The scope of the study comprised of selected commercial banks in Delta State located in Warri, Asaba, Ughelli and Sapele. The task of this study was on imperatives of good industrial relations management in the banking industry in Nigeria.

Literature Review

Conceptual Framework

Definition of Industrial Relations

Definitions of industrial relation abound in many management literatures. Each writers offer definition on this subject matter based on circumstances surrounding the context in which such definitions are offered.

Making reference to Unugbro (2009) defined industrial relations as a network of rules and procedures governing relations in industry between worker and management. It covers the scope of the bargaining process, the contract of employment, consultative and negotiating process and methods of conflict resolution. Industrial relations, therefore, can be seen as a subset of human resources management.

Lawal (2012) defines industrial relations as the systems, rules and procedures used by employees, employers and the government to determine:

- a. How to share economic returns.
- b. Terms and conditions of employment.
- c. How to protect the interest of the parties involved (i.e. employees, employers and the government).
- d. The extent of workers participation in the major decisions making process affecting them.

This definition emphasizes that industrial relations is more than issues such as trade unionism, collective bargaining and strikes but entails the whole range of relationship among the employees, employers and the government under which the terms and conditions of employment are regulated.

Adebayo (2010) views industrial relations as a system of rules which include a compromise of statutory orders, trade union regulations, collective agreements, arbitration awards, social conventions, managerial decisions and accepted custom and practices.

Industrial relations is defined as “system or web of rules regulating employment and the ways people behave at work” (Armstrong, 2001). From the employees (radical) perspective, industrial relations is the struggle between employees (the suppliers of labour) for control over workplace relations. In which ever way it is defined, the term industrial relations explain the relationship between employees and management which stem directly or indirectly from union-employer relationship.

The Importance of Industrial Relations in the Banking Industry

Healthy industrial relations in the banking industry is said to be important for the following reasons; (Unugbro, 2009)

1. **Uninterrupted work:** The most important benefit of industrial relations is that it ensures continuity of work. This means continuous employment for all from managers to workers. Also, resources are fully utilized, resulting in the maximum possible production and uninterrupted flow of income for all.
2. **Reduction in industrial disputes:** Good industrial relation reduces industrial disputes. Disputes are the reflections of the failure to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, work-to-rule and grievances are some of the reflections of industrial disharmony which do not occur in an atmosphere of industrial peace.
3. **Mental revolution:** The main objective of industrial relations is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employers authority. It will naturally have impact on production because they recognize the interest of each other.
4. **Reduced wastage:** Wastage of man, material and machines are reduced to the minimum when there is harmony within any given industrial system. This again will have a positive important on production and the general wellbeing of the organization in particular and the society in general.

Objectives of Industrial Relations

Mamoria (2010) identifies the following objectives of industrial relations:

- i. To safeguard the interest of labour and management by securing the highest level of mutual understanding and goodwill among all those sections in the industry which participate in the process of production.

- ii. To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a society.
- iii. To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and absenteeism.
- iv. To establish and promote the growth of an industrial democracy based on labour partnership in the sharing of profits and of managerial decisions.
- v. To eliminate or minimize the number of strikes, lockouts and work-to-rule by providing reasonable wages, improved living and working conditions, and fringe benefits.

Methodology

All the commercial banks in Nigeria constituted the population of the study. The number is somewhat infinite. Therefore, the researchers decided to limit the target population to selected commercial banks in Delta State namely; First Bank Plc, Warri, Unity Bank Plc, Asaba branch, Union Bank Plc, Sapele branch, and Zenith Bank Plc, Ughelli branch.

A sample size of 60 was selected from a population of 70 using the Yaro Yameni's formula which is given as:

$$N \quad n = \frac{1 + N(e)^2}{1 + 2e^2}$$

Where

n = Sample size sought

e = Level of significant = 0.05 or 95%

N = Population size = 70

70

$$\frac{1 + 70(0.05)^2}{1 + 2(0.05)^2} = \frac{70}{1.25} = 60 \text{ respondents}$$

Applying the formula, the sample size from a population of 70 is 60 respondents at 5% confidence level.

The simple random sampling method was used to select the respondents. The study was conducted using the survey research design. Survey research design according to Olaitan, Ali, Eyo and Sowande (2000) is a plan, strategy, structure, that the investigator wants to adopt in order to obtain solution to the research problems using questionnaire in collecting, analyzing and interpreting the data. The design is suitable for the study because it uses questionnaire to seek information from respondents. The data used in this study were obtained from both primary and secondary sources of data.

The instrument of primary data collected was the questionnaire and face-to-face interview. The instruments were validated by experts in industrial relations management to authenticate the relevance of the instrument. Secondary data were collected from textbooks and publications on industrial relations management.

Data collected were collated and analyzed using percentages. In addition, the hypotheses formulated were tested using Kruskal Wallis one-way analysis of variance by rank.

Findings and Discussions

Hypothesis one (1) was tested using Kruskal Wallis one-way analysis variance by rank.

Test Statistic: Kruskal Wallis one-way analysis of variance by rank.

Degree of Freedom = $K - 1 = 2 - 1 = 1$

Table value of $X^2 = 0.05 = 3.841$

Level of significance = 0.05

Decision Rule: Reject H_0 if H calculated $> X_{tab}$.

Sampling Distribution

$$H = \frac{12}{N(N+1)} \sum_{j=1}^k nj R_j^2 - 3(N+1)$$

Where; k = Number of samples

n_j = Number of cases in j^{th} sample

$N = \sum n_j$, the number of cases in all samples combined

R_j = Sum of K of ranks in j^{th} sample (column)

\sum_j^k = Directs one to sum over the k samples (column)

Computation

Table 1: Good industrial relations management in the banking industry and improving the morale of the employees

Responses	Frequency	Percentage
Strongly Agree	29	48.33
Agree	25	41.67
Undecided	3	5.00
Strongly Disagree	1	1.67
Disagree	2	3.33
Total	60	100

Source: Field Survey, 2015

Table 2: Ranking of groups

Frequency	Percent
8	10
7	9
4	6
1	2
3	5
Total $R_1 = 23$	$32 = R_2$

Source: Computation from Table 1

$R_1 = \text{Sum of } 1^{\text{st}} \text{ column of rank}$

$$= 8 + 7 + 4 + 1 + 3 = 23$$

$$R_2 = 10 + 9 + 6 + 2 + 5 = 32$$

$$N(N-1) \frac{\sum R_j^2}{n_j} - 3(N+1)$$

$$12(12-1) \frac{23^2 + 32^2}{5} - 3(12+1)$$

$$110 = \frac{529}{5} \left(\frac{1024}{5} + \frac{1024}{5} \right) - 33$$

$$= 0.10909 (105.8 + 204.8) - 3$$

$$= 31.3197$$

Decision

Since the calculated value of 31.3197 > X² table 3.841, we reject the null hypothesis and accept H₁ the alternative hypothesis. This implies that good industrial relations management in the banking industry improve the morale of the employees. This finding was supported by the view of Igbinomwahia (2010) who stressed that good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production.

Every worker feels that he is a co-worker of the gains of industry. Complete unity of thought and action is the main achievement of industrial peace. High morale naturally will have a positive impact on productivity.

Table 3: Good industry relations management in the banking industry in Nigeria and providing the economy with funds to finance economic and social activities

Responses	Frequency	Percentage
Strongly Agree	30	50
Agree	24	40
Undecided	3	5
Strongly Disagree	2	3.33
Disagree	1	1.67
Total	60	100

Source: Field Survey, 2015

Table 4: Ranks of groups

Frequency	Percent
8	10
7	9
4	6
3	5
1	2

Total R₁ = 23	R₂ = 32
---------------------------------	---------------------------

Source: Computation from Table 3

$$\begin{aligned} & 12 \quad \quad \quad 23^2 \left(\frac{1024}{5} + \frac{\quad}{\quad} \right) - 33 \\ & 10(10+4) \quad \frac{\quad}{5} \quad \left(\frac{1024}{5} + \frac{\quad}{\quad} \right) - 33 \\ & = 0.1090 (105.8 + 204.8) - 3 \\ & = 95.123 \end{aligned}$$

Decision

Since the calculated value of 95.123 > X² table 3.841, we reject the null hypothesis and accept H₁ the alternative hypothesis. This implies that good industrial relations management in the banking industry in Nigeria contribute significantly in providing the economy with funds to finance economic and social activities in the country. This is supported by the view of Unugbro (2009) who stressed that the banking industry is central to the overall development of the economy. It provides capital and funds used in financing all economic activities of both the public and private sectors and the extent to which these functions are performed and dictates the pace of economic development. The ability of the industry to guarantee this positive influence largely depends on the reign of peace in the industry. Without industrial peace the industry could not be able to provide the economy with funds to finance economic and social activities would be greatly slowed down. If prolonged, the economic development of the country would be negatively affected.

Conclusion

The study examined the imperatives of good industrial relations management in the Nigeria banking industry: An empirical study of selected commercial banks in Delta State, Nigeria.

The study revealed that there is positive and significant relationship between good industrial relations management in the banking industry and improvement in the morale of the employees. There is also a significant relationship between good industrial relations management in the Nigeria banking industry and the provision of the economy with funds to finance economic and social activities in the country.

Recommendations

In view of the findings and conclusion of the study, the following recommendations were proposed for successful industrial relations management in the Nigerian banking industry.

1. Management should ensure to achieve this through good human resources management. Since the cardinal aim of industrial relations is to humanize work and improve the quality of working life, management should in particular provide the employees with an adequate and fair standard of living which is freely negotiated, meet their need for meaningful and satisfying work and for participation in decisions that affect them.
2. Management should ensure that employees work under decent physical conditions, are protected against hazards of illness and unemployment through adequate medical facilities and job security.
3. Employees should also be protected against the exercise of arbitrary authority by the employer. Job enrichment, job satisfaction, appropriate opportunities for development,

ISSN: 157-9385

Website: www.arabianjbm.com/JPDS_index.php

self-fulfillment and self-actualization are among prerequisites for ensuring worker satisfaction and industrial harmony.

4. No matter how good and effective human resources management is, disagreements and disputes are nevertheless bound to occur as would be expected in any normal situation when normal human beings interact. Another prerequisite is therefore to recognize the sources or causes of disagreements and evolve measures to address them appropriately. Causes of disputes in the workplace should therefore be recognized and addressed accordingly. These include lack of trust between management and unions, mistakes arising from lack of clarity in the intentions of the parties to collective agreements.
5. Follow-up of results: A constant review of the industrial relations programme is essential not only to evaluate the existing practices but also to identify the problems of the system. Besides a regular follow-up of various industrial relations policies should be adopted and a continuous research had to be carried out on its various aspects.

REFERENCES

- Adebayo, Y.K. (2010). *Essential of Human Resource Management*. Benin City: Otoghagna Publishers.
- Armstrong, M. (2001). *A Handbook of Human Resources Management*. London: Kogan Publishers.
- Igbinomwanhia, O.R. (2010). *Human Resources Management*. Benin City: Broadgate Publishers.
- Lawal, A.A. (2012). *Management in Focus*. Lagos: Adeola Publishers.
- Mamoria, C.B. (2010). *Dynamics of Industrial Relations*. New Delhi: Himalaya Publishing House.
- Unugbro, A.O. (2009). *Bank Management*. Benin City: Mindex Publisher.