THE DANGOTE REFINERY DISPUTE: HUMAN RESOURCE, LAW, AND THE PATH TO MEDIATION.

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The current impasse at the Dangote Refinery represents more than an industrial quarrel. It is, at its core, an employee-relations failure that has spiralled into a national crisis with profound economic consequences. Managerial decisions described as "reorganisation" collided head-on with employees' constitutional and statutory rights to associate and unionise. Each party then latched on to the areas of the law most favourable to its case, and in doing so, turned a workplace problem into a dispute of national importance.

For human resources professionals and legal practitioners alike, the episode offers a textbook study in how unresolved HR missteps and entrenched legal posturing can rapidly destabilise industrial peace. It also presents an opportunity: to apply structured HR practice and conflict-resolution processes underpinned by Nigeria's modernised legal framework, to restore both operational stability and industrial justice.

A Snapshot of the Dispute

The dispute was triggered when workers sought union recognition through the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and the National Union of Petroleum and Natural Gas Workers (NUPENG). Management responded with what it termed a necessary "reorganisation", dismissing hundreds of staff. The unions characterised this as blatant union-busting and a violation of the constitutionally protected right to freedom of association.

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In turn, management accused the unions of "sabotage", pointing to strike threats and the cut-off of supplies as acts of economic sabotage against the refinery and, by extension, the national economy. The consequence was disruption of fuel supplies, risks to the electricity grid, a partial refinery shutdown, and daily losses reported in the billions of Naira.

Government intervention soon followed. The Ministers of Labour and Finance, along with the Department of State Services, convened emergency talks, leading to interim understandings with NUPENG and temporary suspensions of strike action. Yet the government's role, as both regulator and economic guardian, is inherently conflicted: while it can stabilise the situation, it cannot claim the neutrality required to broker a truly sustainable resolution.

HR Diagnosis

From an HR standpoint, several failings are evident. First, policy opacity and process failure. There was no clear, jointly recognised redundancy or reorganisation protocol. Dismissals carried out without transparent criteria or adequate consultation were inevitably seen as arbitrary and targeted, converting managerial action into what employees believed to be unfair dismissal.

Second, the absence of early engagement mechanisms. Without functioning consultative forums such as joint committees or pre-change bargaining structures—grievances were not addressed internally. The escalation to industrial action was almost inevitable once workers felt shut out of decision-making.

Third, a breakdown of trust. Management interpreted union activism as sabotage; unions perceived dismissals as deliberate union-busting. Each side's defensive moves became proof of hostility in the other's eyes, fuelling an escalation spiral.

Fourth, the over-legalisation of what was essentially an HR problem. Once arguments hardened around constitutional rights, managerial prerogatives, and allegations of sabotage, pragmatism gave way to litigation logic. This raised the stakes dramatically and drew in national attention.

Finally, systemic exposure. Because the refinery is a strategic private asset with direct implications for fuel supply and the wider economy, what might otherwise have been a private labour dispute became a matter of national security and economic stability.

The Contours of Rights and Duties

The law in Nigeria is clear on several points. Section 40 of the Constitution guarantees the freedom of association, including the right to form or join trade unions. The Labour Act and other statutes reinforce these protections. Employers may not lawfully victimise or dismiss employees for union membership or activities.

At the same time, employers retain managerial prerogatives. They are entitled to reorganise, restructure, or dismiss employees for legitimate business reasons, provided the process is fair, proportionate, and non-discriminatory. Nigerian courts, particularly the National Industrial Court, have often scrutinised such actions for procedural integrity: whether criteria were transparent, whether consultation occurred, whether decisions were genuinely rooted in business needs rather than union hostility.

This is where the fine line lies for private enterprises such as Dangote Refinery. The law protects their right to organise workforces efficiently and securely, but it prohibits actions that amount to interference with union rights. In practice, courts tend to apply a four-part test: Was the purpose legitimate? Was the procedure fair? Was the response proportionate? Was the application non-discriminatory? If the answer to these questions is largely “yes”, managerial prerogative prevails; if “no”, the courts are likely to uphold union rights.

A further dimension is the Arbitration and Mediation Act 2023, which modernises Nigeria's dispute resolution framework. It allows mediated settlement agreements to be made enforceable, giving mediation genuine teeth as an alternative to litigation.

Strategic Response: HR and Legal Synergy

The lesson here is that HR and legal strategy must converge across three horizons –

Stabilisation (immediate). The first step is to stop the bleeding, secure operations, prevent retaliatory dismissals or industrial action, and restore a modicum of trust. An interim memorandum of understanding could freeze dismissals, guarantee non-victimisation, and reinstate certain employees pending a fuller review. Such a document could be registered for enforceability under the AMA 2023.

Process rebuilding (short to medium term). A Joint Consultative Committee should be established as a permanent forum for dialogue on reorganisation, safety, and workforce planning. Independent fact-finding, perhaps by neutral auditors or labour law experts, can help to clear the fog of allegation and counter-allegation.

Substantive resolution (medium term). Ultimately, the parties must negotiate a collective bargaining agreement or mediated settlement that balances operational flexibility with workers' rights. This should cover redundancy rules, recognition of unions, protocols for emergencies, and provisions for local content and foreign hires. Crucially, it must include an "ADR first" clause, requiring mediation before industrial action or litigation.

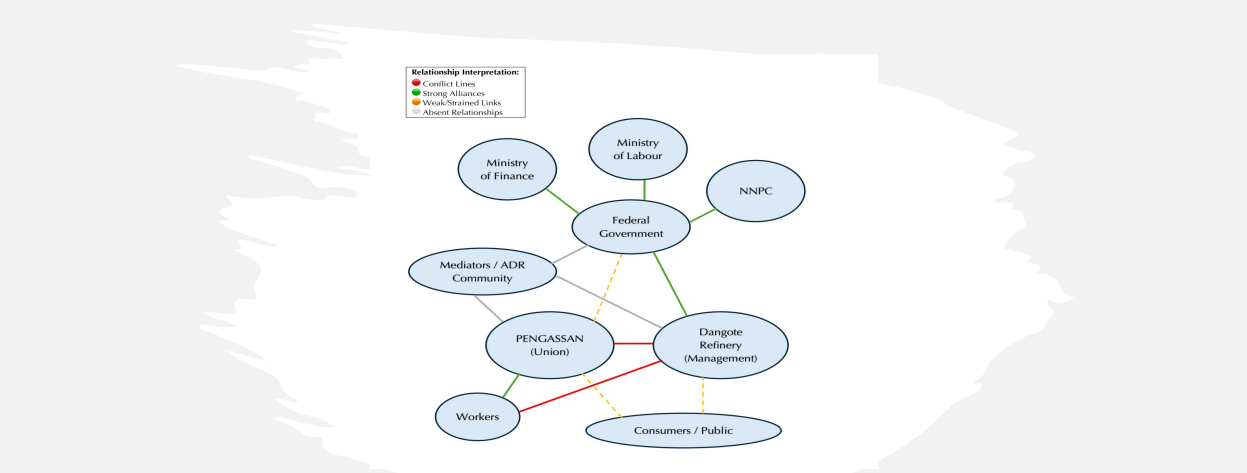
The Conflict Between Organisational Flexibility and Worker Representation

The Dangote case vividly illustrates a central tension in industrial relations. Organisations require the ability to restructure, reorganise, and adapt to market realities. Workers, meanwhile, are entitled to dignity, security, and representation. In private enterprises, this

balance is especially delicate. Unlike in the public sector, there is no presumption of universal job security; yet constitutional rights to association remain inviolable.

The fine line, therefore, is drawn not in whether management may act, but in how it acts. Transparency, consultation, and documented rationale distinguish legitimate managerial action from unlawful interference. HR processes, redundancy policies, grievance channels, consultative committees are the mechanisms by which this balance can be maintained without resorting to protracted legal confrontation.

Pathways to Resolution: Why Mediation is the Right Tool



Dangote Refinery Dispute Mapping.
This map shows why direct negotiation has stalled. The most effective pathway is to activate the "absent" ADR node.

Negotiation, in the narrow sense, has been attempted. Talks convened by government have produced temporary relief but not lasting trust. Mediation, by contrast, offers a structured, neutral, and enforceable route.

Mediation is particularly suited to this dispute because:

- The trust deficit is deep.
- Multiple stakeholders are involved, from company and unions to government and the public.
- The issues are complex, touching labour law, corporate strategy, and energy security.

- The AMA 2023 gives mediated outcomes enforceability.

The pathway forward should adopt the following tone and structure:

1. An immediate interim understanding guaranteeing non-victimisation, freezing dismissals, and the referral of contested issues to independent fact-finding.
2. Create a structured panel addressing reinstatement or compensation, the design of a fair reorganisation protocol, and the roadmap for union recognition.
3. Convert outcome into a collective bargaining agreement or settlement registered under the AMA 2023.
4. A Joint Consultative Committee, periodic independent audits, and training on labour law and industrial relations become permanent features of the workplace.

The task will be to reframe the conversation: not who is right or wrong in legal abstraction, but what arrangements will allow the refinery to operate efficiently while safeguarding workers' rights.

Conclusion

The Dangote Refinery dispute demonstrates how fragile the balance is between managerial prerogative and constitutional rights to unionise, and how quickly a failure of HR process can escalate into a national emergency. The government's interventions can stabilise the moment, but the long-term solution lies in professional mediation, grounded in both HR best practice and Nigeria's legal framework.

Mediation provides the space to separate people from problems, to replace rigid positions with mutual interests, and to transform confrontation into enforceable consensus. With operational continuity, legal certainty, and industrial peace all at stake, mediation is not merely an option here—it is the only viable pathway forward.