

# **COMMUNITY CONFERENCE AS A CONFLICT RESOLUTION APPROACH IN THE COMMUNITY BANKING SYSTEM IN NIGERIA: IMPLICATIONS FOR RURAL FINANCE INSTITUTIONS MANAGEMENT**

**ONUGU CHARLES UCHENNA Ph.D**

Department of Cooperative Economics and Management  
Nnamdi Azikiwe University, Awka, Anambra State Nigeria

## **ABSTRACT**

*The study examines the use of community conference as a conflict resolution approach in the erstwhile community banks in Nigeria, now transformed to microfinance banks. Information was obtained from 39 staff of the National Board for community Banks (NBCB), the then regulatory agency overseeing the banks operations. The staff were drawn from the eight zonal offices structured to administer the regulation of community banks in Nigeria. Data collected focused on the description of what constitutes community conference, as well as its effectiveness in resolving conflict among its stake-holders. Data equally dwelt on the challenges of using community conference as conflict resolution tool, as well as ways it can be strengthened as an approach in resolving conflicts in rural finance institutions. Questionnaire was the main data collection tool used. Statistical techniques used in analyzing data were simple and multiple percentages, as well as chi-square ( $\chi^2$ ). The result revealed that 'community-conference' as a conflict management approach is effective, even though it has challenges in its usage. The approach is unbureaucratic, open and ensures stake-holders participation in conflict resolution. Suggestions for strengthening the approach and also its implications on rural finance institution management were made.*

## **KEY WORDS**

Conflict, community, banking, conference.

## **INTRODUCTION**

The effective and efficient management of organizations, be it Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), a political party, a business or governmental establishment, demands that such a body must be driven by a shared vision of what it strives to achieve, as well as clear objectives set for its operators. In addition, an organization needs to recognize the inevitability of conflicts in its

management and set machinery to resolving it. Organizations should create ways of keeping conflicts to a minimum level, and solving problems caused by it, before it becomes major setbacks to its functioning. Conflict has been described as a struggle or contest between people with opposing needs, ideas, beliefs, values or goals (Robins (1989). According to Carter (1997), conflict occurs when two or more values, perspective and opinions are contradictory in nature and haven't been aligned or agreed about yet. Conflicts are often inevitable, and might escalate and lead to non-productive results. Conflicts also can be beneficially resolved leading to quality of final products. Therefore, learning to manage conflict is integral to high performance organization. Conflict management is the principle that all conflicts cannot necessarily be resolved, but that learning how to manage it, decreases the odds of nonproductive escalation. Conflict management therefore involves acquiring skills related to conflict resolution, self-awareness about conflict modes, conflict communication skills and establishing a structure for its management in ones environment (Kurtz, 2001).

The causes or sources of conflicts within organization can be many and varied, however the most common ones according to (Carter, 1997) includes: scarcity of resources (finance, equipment, facilities etc.); different attitudes, values and perceptions; disagreement about needs, goals, priorities and interests; poor communication; poor or inadequate organizational structure; lack of team work and; lack of clarity in roles and responsibilities.

Algert et al. (2002), equally observed that conflict often arise between individuals mostly as a result of differing background and ambitions; between groups of people as in the workplace due to unhealthy competition for business advantages; and, conflict within a group of people, as a result of individual differences, rivalry between sub-groups or factions.

Conflicts in organizations as explained by Carter (1997) and Maron (2000) can be minimized through: regular review of job descriptions and ensuring that roles don't conflict; building relationships with subordinates, by meeting and examining accomplishment, challenges and organizational issues; getting regular status reports that includes; accomplishment, current issues and needs from management and plans for upcoming period; conducting basic trainings about interpersonal communications, conflict management and delegation; developing procedure for routine tasks and including the employees input; regular holding of management and board meetings; and, considering placement of anonymous suggestions, box, where grievances on organizational issues can be provided or raised by stakeholders.

For over a decade (1990 – 2007), the community banking programmes existed as financial institutions in the Nigerian financial system. There has been mixed assessment of its impact ranging from total failure to average success (Onugu, 2006; Ebubechukwu, 2006, CBN, 2005). One of its striking components which got established mid-way in its year's of operation was the use of community conference as a conflict management tool. This approach developed by the then regulatory agency; the National Board for Community banks, became necessary so as to curb various forms of conflicts that arose among stake-holders in the ownership and management of community banks.

## **STATEMENT OF PROBLEM**

The community banking programme in Nigeria Commenced in 1991. Few years of its operation, all manner and depth of conflicts started manifesting amongst its stakeholders, particularly about its ownership, board constitution and community involvement through its representative organ; the apex Community Development Association (CDA). The unhealthy and unproductive effect of this development necessitated the then regulatory body, the National Board for community Banks, to

initiate a conflict resolution programme; the ‘community conference’ to arrest the situation. A definite picture of what really constitutes community conference, its key features and notable areas of conflict resolved through the programme were tackled. Issues bordering on the effectiveness of the programme as well as its potentials in resolving conflicts were equally redressed. If community conference was a success, what are the best ways of strengthening it as a management tool for conflict resolution among stakeholders of rural finance institutions, particularly in developing economies?

### **OBJECTIVE OF THE STUDY**

The broad objective of this study is to assess the effectiveness of community conference as an approach to managing conflict among stake-holders in the community banking programme in Nigeria, with the view to seeking its potentials and strengthening as a management tool for conflict resolution in rural finance institutions. Specifically, the study is designed to:

- Determine the nature of community conference, including its key features.
- Ascertain notable areas of conflict that was resolved through the community conference.
- Assess the effectiveness of community conference in resolving conflicts.
- Identify the challenges of using community conference in resolving conflicts.
- Seek the views of regulators on the potentials of community conference as an approach in conflict resolution.
- Examine ways community conference can be strengthened as a management tool for resolving conflicts in rural finance institutions

### **Hypothesis of the Study**

- H<sub>0</sub>:** 'Regulators of the Community banking programme Opines that Community conference has no significant effect in resolving conflicts amongst its stakeholders'
- H<sub>A</sub>:** 'Regulators of community banking programme opines that community conference has significant effect in resolving conflicts amongst its stakeholders'.

### **METHODOLOGY**

This is an institutional study, which sort information from NBCB officials who were the regulators of the community banking programme in Nigeria. There are eight zones created by NBCB, for the supervision of the activities of Community Banks in Nigeria. The zones are: North Central zone, with headquarter in Kaduna, Kaduna State; North Western zone, with headquarter in Minna, Niger state; North Eastern zone, with headquarter in Bauchi, Bauchi State; Middle-Belt zone, with headquarter in Makurdi, Benue State; South East zone, with headquarter in Enugu, Enugu State; South-South zone, with headquarter in Uyo, Akwa-Ibom State; Mid-West zone, with headquarter in Benin, Edo State, and; South-West zone, with headquarter in Lagos, Lagos State. These zones house the zonal offices, with operational staff that cover activities of the banks in 4 or 5 states that make up each of the zones.

Data was collected from four operations staff in each zone, and seven similar staff from the NBCB head office at Abuja, the Nigerian capital. This gave all together a sample size of thirty-nine. Structured questionnaire was used to collect primary data from the staff, while secondary data were collected from books, journals and, conference papers. Descriptive statistics, such as frequencies, simple and multiple-response percentages as well as chi-square ( $\chi^2$ ) were used in the analysis of data.

## RESULTS & DISCUSSIONS

### Nature of Community Conference

**Table 1:** Distribution of Respondent According to Understanding of Community Conference

S/N	Options	Frequency	*Percentage (%)
1.	Programme designed to resolve conflict among Directors of community banks	33	85
2.	Programme designed to resolve conflict between directors and management	11	28
3.	Programme designed to resolve conflict between community banks and the community	23	59
4.	Programme designed to resolve conflict between community banks, business associates and clients	9	23
5.	Programme designed to review moribund community banks	25	64
6.	Programme designed to raise equity capital of community banks	27	69
7.	Programme designed to resolve conflicts amongst owning village or communities of the Community Bank	22	56
8.	Mobilizing the community and strengthening their confidence on their community banks.	35	90
9.	Identifying Community Banks problems & proffering solutions	31	79

\* Multiple Responses

**Source:** Field Survey, October 2008.

The understandings of the regulators were sought on what community conference means. Table 1, shows their multiple response on the issue. Eight explanations of

what it means were given. From the table, it can be seen that it is mostly seen as programme designed to resolve conflicts among Directors of community Banks (85%); mobilizing the community and strengthening their confidence on their community banks (90%); programme designed to raise the equity capital of community Banks (69%); identifying Community Banks problems and proffering solutions (79%); and programme designed to revive moribund Community Banks (64%).

### **Features of the Community Conference**

**Table 2:** Distribution of Respondent According to key features of Community Conference

<b>S/N</b>	<b>Options</b>	<b>Frequency</b>	<b>*Percentage (%)</b>
1.	Raising-Up a conflict resolution team by the regulators (NBCB)	39	100
2.	Pre-conference investigation on issues involved by the conflict resolution team of NBCB	34	97
3.	Mobilization of stake-holders in the conflicts for the community conference	31	79
4.	Decision on an acceptable and convenient venue for the conference	23	59
5.	Attendance of stake-holders in the conflict; Bank staff, Directors, CDA members, shareholders, community etc.	30	77
6.	Identification and recognition of community leaders, CDA members, major shareholders, Board members, Bank officials and NBCB representative	39	100
7.	Opening address (enlightenment) by NBCB representatives on general issues about community banking; ownership structure, stakeholders, community participation, operations	39	100

	and economic benefits.		
8.	Addresses by community leaders & key stake-holders in the conflicts (i.e. Traditional rulers, religions leaders, Chairman of Board, Directors, CDA official, CBO official, youth leaders, bank manager etc).	33	85
9.	Formal presentation of Report of NBCB pre-conference investigation on the issue of conflict	39	100
10.	Reactions to NBCB formal presentation through questions, cases, discussions and responses	37	95
11.	Reaching compromise on settling conflict-issues as guided and moderated by NBCB	39	100
12.	Follow-up on resolution through visitations, counselling and sanctions if need be	27	69

\* *Multiple Responses*

**Source:** *Field Survey, October 2008.*

Table 2 highlights the key features of a community conference. The table depicts multiple responses of the regulators on the subject, with a listing of twelve features of the programme. As indicated in the table, five features were outstanding. They include: Rising up a conflict resolution team by the regulatory body (100%); pre-conference investigation on issues involved by the conflict resolution team of NBCB (97%); formal presentation of report of NBCB pre-conference investigation on the issue of conflict (100%); Reactions to NBCB formal presentations on pre-conference investigation by concerned parties (95%); opening address during the conference on general issues about community banking (100%); and efforts at reaching compromise on settling conflict-issue (100%).

### **Cases or Areas of Resolved Conflicts through Community Conference**



**Table 3:** Distribution of Respondent According to Cases Resolved Through Community Conference

	<b>Types of Cases</b>	<b>Frequency</b>	<b>*Percentage (%)</b>
1.	Conflict between Directors & CDA over non-representation of CDA on Bank Board	21	54
2.	CDA disagreement on who should represent them on Board of the Bank	28	72
3.	Community elites against the traditional ruler regarding the Banks board constitution	7	18
4.	Conflict on who should be chairman of Board	31	79
5.	Problem of arising Banks equity capital	39	100
6.	Run-on the bank because of bad debts and liquidity crash.	27	69
7.	Problem of ownership between the merging villages or communities	11	28
8.	Problem of apathy in share subscription by community members.	29	74
9.	Problem of spread on Board-membership to reflect the community/ communities	23	59
10	Issue of community apprehension on hijacking of the Bank's ownership by key elites	19	49
11	Case of community participation on equity increase to strengthen the Bank	21	54
12.	Cases of controlling share's of community banks equity	7	18
13.	Questionable borrowing by some Directors of the Bank	29	74
14.	Authoritarian or overbearing leadership style of the chairman of Board.	13	33

15	Non-patronage of community Banks on Suspicion of un-balanced ownership and loss of condolence	25	64
----	---	----	----

*\* Multiple Responses*

**Source:** Field Survey, October 2008.

The type of cases or areas of conflict resolved through the community conference were revealed (Table 3). Through their multiple responses, the regulators stated fifteen areas of conflict they have resolved through the programme. Five of such areas were quite prominent. These are: problem of raising equity capital (100%); conflict on who should be chairman of Board (79%); problem of share-acquisition apathy by community members (74%); questionable borrowing by some Directors of the Bank (74%); and, CDA disagreement on who should represent them on the Board of the Bank (72%).

#### **Assessment of Community Conference in Resolving Conflicts.**

**Table 4:** Distribution of Respondent According to their Assessment on Resolution of CB Conflicts through Community Conference

S/N	Options	Frequency	Percentage (%)
1.	Always Resolve conflicts	4	10
2.	Resolves conflicts	23	59
3.	Sometimes resolves conflicts	9	23
4.	Does not Resolve conflict	3	8
	<b>Total</b>	<b>39</b>	<b>100</b>

**Source:** Field Survey, October 2008.

Table 4 depicts the views of the regulators, on assessment of the programme in resolving bank conflicts. Over half (69%) were positive that it resolves conflict. In furtherance to the assessment, Table 5 below ascertained the respondents' disposition to the effectiveness of community conference in resolving community Banks conflicts. Their response was comparable as altogether 61% of them were positive on its effectiveness.

Distribution of Respondent According to Effectiveness of Community Conference in resolving Banks conflict

	<b>Options</b>	<b>Frequency</b>	<b>Percentage (%)</b>
1.	Very effective	4	10
2.	Effective	20	51
3.	Fairly Effective	10	26
4.	Not Effective	5	13
	<b>TOTAL</b>	39	100

*Source: Field Survey, October 2008.*

Also in ascertaining further the effectiveness of the community conference in resolving conflicts among stakeholders in the community banking programme, a null hypothesis was tested. Data for its testing was drawn from the above table. The outcome of the test revealed: computed value = 17 and critical value = 9.8 at a

significant level =  $\leq 0.5$  and degree of freedom = 3. These results imply that community conference in the opinion of regulators of the programme has positive effect in resolving conflicts among stakeholders of community banks.

### Challenges of Using Community Conference for Conflict Resolution in Community Banks

**Table 6:** Distribution of Respondent According to Challenges of Using Community Conference

S/N	Challenges Listed	Frequency	*Percentage (%)
1.	Getting all stake-holders to participate (Poor Mobilization)	31	79
2.	Fictionalization of community along political lines (e.g. chieftaincy Tussle)	29	74
3.	When the community is not adequately mobilized for the banking project	17	44
4.	Crowd could be too much to handle	13	33
5.	Participants could be too small for meaningful deliberation	17	44
6	Feeling of bias on part of NBCB by either of the parties in conflict	23	59
7.	Wooing of NBCB conflict resolution team through monetary means	28	72
8.	Poor handling of the programme by NBCB, resulting to unacceptable resolution or reaching of agreement by all	15	38

\* Multiple Responses

**Source:** Field Survey, October 2008.

The regulators were asked to state the challenges they encountered in the course of the programme. As shown in table 6, eight most common challenges were noted. Three of the challenges stood out. They include: getting all stake-holders to participate (79%); factionalization of the community along political lines, particularly where chieftaincy tussle exists (74%) and, wooing (bribing) of NBCB conflict resolution team through monetary means (72%).

### **Strengthening the Use of Community Conference**

**Table 7:** Distribution of Respondent According to suggestions on strengthening the use of Community Conference

<b>S/N</b>	<b>Suggestions</b>	<b>Frequency</b>	<b>*Percentage (%)</b>
1.	Formalization as conflict resolution by Government or Regulatory authorities	19	49
2.	Standardization of the programme by Implementing authority	21	54
3.	Training of NBCB officers involved in conflict management	33	85
4.	Adequate Mobilization and sensitization of Community Members	28	85
5.	Ensuring that parties in the conflict are well represented	27	69
6	Types of conflict to be resolved through the programme should be defined and clearly stated	21	54
7.	Developing conflict Resolution Guideline for the programme to standardize procedures & decision making	33	85
8.	The approach should be incorporated in the	17	44

	to legal framework guiding the operations of community banks		
9.	The approach should be built on community culture and traditions regarding conflicts resolution	19	49
10.	Ensuring full participation of all key segment of the community (Chiefs, CDAS, CBO's)	21	54
11.	Re-designing the programme as a comprehensive conflict management tool (conflict assessment, detection, prevention and control)	29	74
12	Should be statutorily Instituted and held periodically (e.g. once, quarterly, bi-annually)	30	77

*\* Multiple Responses*

**Source:** Field Survey, October 2008.

Table 7 is a multiple response distribution on the suggestion of regulators on strengthening the use of community conference for conflict resolution in the community-banking programme. Twelve suggestions were listed, however five were dominant. These are: developing a conflict resolution guideline for the programme to standardize procedures and decision-making (85%); instituting it as a statutory programme (77%); re-designing the programme as a comprehensive conflict management tool (74%); Training of NBCB officials involved in conflict Management (85%); and adequate mobilization and sensitization of community members (72%).

## **CONCLUSIONS AND IMPLICATIONS**

The outcome of this study was based on the perception of the regulators of the community banking programme, who through my interaction were found to be well educated, experienced and equipped for their regulatory role. From the result as discussed, it is resounding that the 'community-conference was well understood and practiced. It focused on resolving disputes in various areas of community banking among its stake-holders. The ingenious aspect of it, is as found in its key features which is indeed 'community-based. Operators of rural financial institutions, particularly in developing economies, should consider incorporating, this 'bottom-up' approach of carrying its beneficiaries along while managing disputes. Its efficiency in resolving conflict is also positively attested to be its regulators. The approach is not cumbersome, as conflict issues are openly tabled, discussed and resolved. It ideally conforms to ways conflicts are addressed in most rural communities. This therefore portends the reliability of such approach in rural communities. There is every indication that it has challenges in its usage. These challenges can however be contained through measures such as standardizing the approach; instituting it as a periodic and statutory regulating programme; expanding and re-designing the programme to be pre-active' and 'post-active' in approach; ensuring always that the community as well as stake-holders are mobilized; and, most importantly, constituting a sustained training of the regulations on conflict management. Policy makers, as well as regulators in financial institutions, such as the Federal Ministry of Finance and the Central Bank respectively, as is the case in Nigeria, must take cognizance of the rural background and short comings of its stake-holders. Beyond mobilization, their education in what is at stake is very vital. Training for the regulators should go beyond skills in conflict management and includes good knowledge of rural dynamics. The Community Conference as found in this paper is a grassroots

approach in conflict management. If well designed and implemented as suggested has potentials for sustained resolution of conflicts among stakeholders in rural finance institutions, particularly in developing economies

## REFERENCES

- Algert, N. E, and Watson, J. S. (2002), *Conflict Management: Introduction for Individual and Organizations*. Bryan, TX.
- Carter McNamara (1998), *Basics of Conflict Management*. Authencity Consulting. LLC.
- CBN (2005); *Microfinance Policy, Regulatory & Supervisory Framework for Nigeria*. Publication of the Central Bank of Nigeria.
- Ebubechukwu, I. (2006); “Impact of Community Banks on Rural Financial Intermediation in the South-eastern State of Nigeria. Ph.D Research Project (Unpublished) Department of Agricultural economics, University of Nigeria, Nsukka, Enugu State, Nigeria.
- Johnson, D. W., and Johnson, F. P. (2000), *Joining Together; Group Theory and Group Skills* (7<sup>th</sup> ed.) Boston, Allyn and Bacon.
- Kurtz, D. L (2001), *Managing Conflicts of Interest: Practical Guidelines for Nonprofit Boards*: National Centre for Nonprofit Boards (NCNB), First Printing.
- Lambert, I. and Myers, S. (1999), *50 Activities for Conflict Resolution*. Amherst, MA: HR Development Press.
- Maron, P. A. (2000), *Keeping the Peace: Resolving conflict in the Boardroom*. NCNB Publications, 1828 L. Street, NW, Suite 900, Washington DC.
- Onugu, C. U., (2006); “Efficiency of Linkage-Banking in the Community Banking System in Nigeria: Implications for Micro Credit Delivery” in Nigeria. *Journal of Cooperative Economics and Management (NJCEM)*. Vol. II, No. 1 October, 2006. Published by the department of Cooperative Economics and Management



Faculty of Management Sciences, Nnamdi Azikiwe University, Awka,  
Anambra State, Nigeria.

Robins, B. (1987), *Conflict Management Practice* Longman, London