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Research Paper

Strategic Role of Corporate Governance on Organizational Performance in The Oil and Gas Industry in Nigeria

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ABSTRACT
This research explores the strategic role of corporate governance in enhancing organizational performance within Nigeria's oil and gas industry. Given the industry's pivotal role in the Nigerian economy, the study aims to assess how governance practices influence both financial and operational performance. Using a mixed method of combining quantitative data collected via structured questionnaires with qualitative insights from in-depth interviews, volunteer, purposive and convenience sampling techniques were employed to determine the sample size. The data gathered was analyzed using descriptive statistics, Regression analysis and Pearson Product Moment Correlation (PPMC) Coefficient at 0.05 significance level. A total of 54 respondents from various oil and gas companies participated in the study. The findings indicate that corporate governance practices are largely effective in the industry, as demonstrated by a grand mean score of 2.3 on a 4-point Likert scale, where values above 2.0 represent effectiveness. Furthermore, a strong positive correlation was found between corporate governance and financial performance ($r = .685$, $p < 0.05$), showing that well-implemented governance frameworks significantly enhance financial outcomes. The study also reveals a significant relationship between corporate governance and operational efficiency ($r = .770$, $p < 0.05$), highlighting how governance mechanisms contribute to improving operational processes and overall efficiency. The qualitative data supported these findings, with respondents noting that corporate governance structures, including independent boards, audit committees, and transparency measures, have fostered better performance, trust, and compliance within their organizations. Key stakeholders emphasized the importance of aligning governance practices with strategic goals to mitigate risks, improve decision-making, and drive long-term success.

Keywords: Corporate governance, financial performance, operational efficiency, sustainable growth

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I. INTRODUCTION

The oil and gas industry in Nigeria is a cornerstone of the country's economy, accounting for a significant portion of its GDP and government revenue. However, the industry is not without its challenges, including regulatory complexities, environmental concerns, and geopolitical risks. In this context, the role of corporate governance becomes paramount, as it shapes the way companies operate, make decisions, and interact with stakeholders. This paper explores the relationship between corporate governance and organizational performance in Nigeria's oil and gas sector, highlighting the importance of effective governance mechanisms in driving sustainable growth and success. This study will employ companies in the oil and gas industry in Nigeria as the case study

Background to the Study

Corporate governance is the system, principles and processes that companies use to direct and control themselves (Correia &Água, 2023). In the context of the oil and gas industry, especially in Nigeria, effective corporate governance is critical for improving organizational performance, ensuring compliance with regulations, and promoting sustainable business practices (Faizabad et al, 2021). The oil and gas industry faces unique challenges, such as corruption, environmental issues, and political instability, which necessitate robust governance mechanisms (Lai et al, 2021).

Statement of the Problem

Despite the critical importance of corporate governance in the oil and gas industry, research focusing on its strategic role in enhancing organizational performance in Nigeria is limited (Ugbor et al, 2021). Existing studies often address governance issues in general terms, without exploring the specific mechanisms through which governance impacts performance in this sector. The compelling problem this study seeks to address is the importance of effective corporate governance in improving organizational performance in the oil and gas industry in Nigeria. The sector faces several challenges that necessitate robust governance mechanisms, including corruption, which undermines transparency and accountability, environmental issues due to poorly enforced regulations and political instability, which creates operational challenges (Olushola, 2021). Effective corporate governance is important for addressing these challenges and improving organizational performance (Madugba et al, 2020). This study examines the strategic role of corporate governance in enhancing organizational performance in this critical sector, drawing on findings that suggest successful implementation of business process re-engineering can positively impact both operational and organizational performance in Nigerian oil and gas companies (Akpan et al, 2022)

Aim and Objectives of the Study

The aim of this study is to investigate the strategic role of corporate governance in enhancing organizational performance in the Nigerian oil and gas industry. The specific objectives are to:

1. Evaluate the effectiveness of corporate governance practices in the oil and gas industry.
2. Assess the strategic role of corporate governance in financial performance.
3. Explore the relationship between corporate governance and operational efficiency.

Research Questions

1. How effective are current corporate governance practices in the Nigerian oil and gas industry in Nigeria?
2. What is the strategic role of corporate governance on the financial performance of oil and gas industry in Nigeria?
3. What is the relationship between corporate governance and operational efficiency?

Research Hypotheses

Ho1: Corporate governance practices are not effective in the oil and gas industry in Nigeria

Ho2: Corporate governance does not play strategic role on the financial performance of oil and gas industry in Nigeria.

Ho3: There is no relationship between corporate governance and operational efficiency

Limitation of the Study

The biggest limitation of the study was the need for more time. Therefore, the study could not be broadened because of time constraints. the sample size of this study might need to be expanded to cover all the companies in the Oil and Gas industry in Nigeria.

II. LITERATURE REVIEW

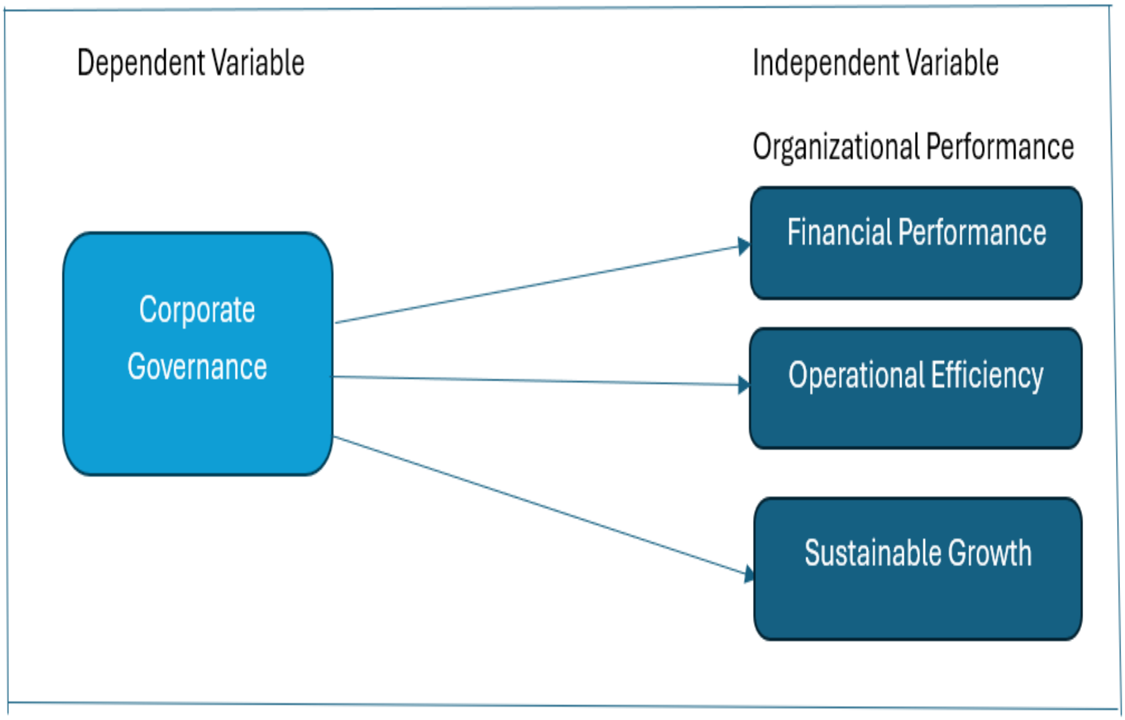
Preamble

This section reviews literature on corporate governance and organizational performance, focusing on the oil and gas industry in Nigeria.

Conceptual Framework

The conceptual framework posits that corporate governance enhances organizational performance through mediating factors such as financial performance, operational efficiency and sustainable growth practices.

Chart 1: Graphic illustration representing the conceptual framework



Source: Researcher 2024

Conceptual Review of Literature

Corporate Governance: It is a set of rules, policies and resolutions that are put in place by the company to control its behavior (Cadbury, 1992). Corporate governance is the cornerstone of modern business practices, encompassing a complex network of mechanisms, processes, and relationships that govern how corporations are controlled and directed (Sarma et al, 2024). At its core, corporate governance aims to ensure the proper functioning of companies by establishing rules and regulations that integrate various institutional components. (Moridu, 2023). These regulations are designed to optimize firm performance, enhance customer efficiency, improve service quality, and drive profitability across diverse sectors such as finance, accounting, economics, marketing, and promotion (Fawal & Mawlawi, 2018).

In industries like oil and gas, where operations are inherently multifaceted and capital-intensive, effective corporate governance serves as the bedrock for sustainable growth and operational efficiency. The dynamic nature of the oil and gas sector demands robust governance frameworks that can navigate complex regulatory landscapes, manage risks effectively, and capitalize on emerging opportunities (Emeka-Okoli et al, 2024). By adhering to sound governance practices, oil and gas companies can mitigate operational challenges, enhance investor confidence, and foster long-term value creation.

In Nigeria, regulatory bodies like the Nigerian National Petroleum Corporation (NNPC) and the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) play an important role in overseeing the activities of oil and gas companies, enforcing compliance with laws and regulations, and protecting the interests of the public (Obaje et al, 2022).

Organizational Performance: Measured in terms of financial performance, operational efficiency, and market share (Kaplan & Norton, 1996).

The organizational performance is the extent to which an organization's stated goals and objectives are met, and the quality of the process (Contu 2020).

According to this definition, performance is a way of evaluating how well an organization performed using industry benchmarks. There are several measures of firm's performance. Accounting-based and market-based financial measures of firm's performance are used in empirical research about corporate governance. Accounting-based measures are most commonly used for return on assets, return on equity and earnings per share. Financial performance is an objective measure of accountability for the results, operations, and activities of an entity quantified in financial terms for a specific period. In the public sectors, the financial performance of an entity depends on what it is expected to achieve in terms of finances during the period. Multi-perspective views of an organization's performance, taken together, provide a comprehensive view of the public sector entity's achievements in relation to its multiple accountability expectations.

Theoretical Framework

Agency Theory: The agency theory was first proposed by Stephen Ross in 1973 and Barry Mitnick. This theory explains the relationship between one party (principal) and another (agent) in a contractual agreement to perform what the principal has ordered and to authorize the agent in order to achieve the best result for the principal.

The agency theory is used to resolve and explain issues relating to the relationship between principals in business and their agents. This relationship is most commonly between investors as principals and company executives as agents.

Agency theory investigates the relationship between principals (owners/shareholders) and agents (managers/executives) within a business. The theory posits that there can be conflicts of interest between these two parties, as agents may pursue their own goals rather than the best interests of the principals. Key concepts in agency theory include:

1. **Agency Costs:** These are costs incurred to ensure agents act in the principals' best interests. These include monitoring costs, bonding costs, and residual loss.
2. **Information Asymmetry:** Agents typically have more information about the day-to-day operations and potential issues within the firm, which can lead to an imbalance in decision-making power.
3. **Incentive Alignment:** Mechanisms such as performance-based compensation, stock options, and strict governance policies are employed to align the interests of agents with those of the principals.

Relevance to the Study: In the context of "The Strategic Role of Corporate Governance on Organizational Performance in the Oil and Gas Industry in Nigeria," agency theory is highly relevant for several reasons:

1. **Mitigating Conflicts of Interest:** Effective corporate governance structures are designed to reduce conflicts of interest between shareholders and management. In the Nigerian oil and gas industry, where corruption and mismanagement can be prevalent, strong governance is essential to ensure that executives act in the best interest of the company and its shareholders.
2. **Enhancing Transparency and Accountability:** Agency theory highlights the importance of transparency and accountability in reducing information asymmetry. By implementing rigorous reporting and disclosure practices, corporate governance can enhance trust between managers and shareholders, leading to better decision-making and improved organizational performance.
3. **Incentivizing Performance:** Aligning the interests of managers with those of shareholders through performance-based incentives can drive better organizational outcomes. In the Nigerian oil and gas sector, where performance can be significantly impacted by external factors such as political instability and environmental issues, well-designed incentive structures can motivate managers to navigate these challenges effectively.
4. **Reducing Agency Costs:** By establishing clear governance policies and monitoring mechanisms, companies can reduce agency costs associated with ensuring that managers act in the shareholders' best interests. This is particularly important in the Nigerian oil and gas industry, where high agency costs can erode profitability and hinder growth.

Stakeholder Theory:

Stakeholder theory was primarily developed by R. Edward Freeman in his 1984 book "Strategic Management: A Stakeholder Approach."

Overview of Stakeholder Theory: The stakeholder theory states that companies should take into account the interests of stakeholders and not just shareholders when making decisions. Stakeholders are anyone who is affected or affected by an organization's actions. This includes employees, customers and suppliers as well as communities, the environment, and even the community. Key concepts in stakeholder theory include:

1. **Broadening Accountability:** Companies have responsibilities to a wider range of stakeholders beyond just their shareholders.
2. **Balancing Interests:** Organizations must balance the often-competing interests of different stakeholder groups.
3. **Long-term Value Creation:** By addressing the needs and concerns of various stakeholders, companies can achieve sustainable long-term success and create shared value.

Relevance to the Study: In the context of "The Strategic Role of Corporate Governance on Organizational Performance in the Oil and Gas Industry in Nigeria," stakeholder theory is highly relevant for several reasons:

1. **Addressing Environmental and Social Issues:** The oil and gas industry in Nigeria faces significant environmental and social challenges. Effective corporate governance that incorporates stakeholder theory can ensure that the company addresses environmental concerns, community impacts, and social responsibilities, thereby fostering better relationships with these critical stakeholders.
2. **Enhancing Corporate Reputation:** By considering the interests of all stakeholders, companies can build a positive reputation, which is crucial in the highly scrutinized oil and gas sector. Good corporate governance practices that align with stakeholder theory can enhance trust and legitimacy, leading to improved public perception and reduced conflicts.

3. **Mitigating Risks:** Engaging with a broad range of stakeholders can help identify and mitigate risks that might not be apparent when only considering shareholder interests. This is particularly important in Nigeria's volatile political and economic environment, where stakeholder concerns can significantly impact operational stability.
4. **Improving Organizational Performance:** By creating value for all stakeholders, companies can improve their overall performance. Satisfied employees, loyal customers, and supportive communities contribute to a more stable and productive business environment. Corporate governance that aligns with stakeholder theory can drive these positive outcomes, leading to sustainable organizational success.
5. **Fostering Long-term Sustainability:** Stakeholder theory promotes long-term thinking and sustainability. In the Nigerian oil and gas industry, where short-term gains can often come at the expense of long-term stability, a stakeholder-focused approach can ensure that companies remain viable and competitive in the long run.

Empirical Review

The empirical evidence underscores the strategic role of corporate governance in driving organizational performance in Nigeria's oil and gas industry. Empirical studies indicate that strong corporate governance frameworks lead to improved financial performance and operational efficiency (Klapper & Love, 2004; Love & Rachinsky, 2007). While effective governance structures contribute to improved financial outcomes, risk management, and stakeholder engagement, challenges remain that need to be addressed.

However, specific studies focusing on the Nigerian oil and gas sector are limited, necessitating further investigation (Akinlo, 2012). Continued research and policy advocacy are essential to strengthen governance practices and enhance the performance of firms in this vital sector. Future studies could explore the longitudinal effects of governance reforms and the role of technology in enhancing transparency and accountability.

Key Findings from Empirical Studies

Impact on Financial Performance Several studies indicate a positive correlation between robust corporate governance practices and financial performance in the Nigerian oil and gas sector. For instance, Oke and Oke (2018) found that firms with well-structured boards, clear roles for executives, and strong internal controls reported higher return on assets (ROA) and return on equity (ROE). This suggests that strategic governance can lead to more efficient resource utilization and enhanced profitability.

Risk Management and Compliance Corporate governance frameworks help firms in the oil and gas industry manage risks associated with environmental, social, and regulatory factors. A study by Uwuigbe et al. (2020) highlighted that companies with comprehensive governance structures experienced fewer compliance issues and better risk management outcomes, which are crucial given the sector's exposure to geopolitical and operational risks.

Stakeholder Engagement Effective corporate governance fosters better stakeholder relationships, which can enhance organizational performance. Akinyomi and Olowookere (2019) demonstrated that firms engaging stakeholders—such as communities and regulatory bodies—through transparent governance practices often benefited from improved public perception and reduced conflicts, leading to smoother operations and sustained performance.

Sustainability and Ethical Practices The emphasis on sustainability in corporate governance has become increasingly significant in Nigeria's oil and gas sector. Research by Akinwunmi et al. (2021) shows that companies adopting sustainable governance practices not only improved their public image but also saw long-term financial benefits through enhanced customer loyalty and investor confidence.

Challenges and Barriers Despite the benefits, the empirical literature also identifies challenges in implementing effective corporate governance. Studies indicate that issues such as inadequate regulatory enforcement, lack of board diversity, and the prevalence of corruption hinder the effectiveness of governance practices (Ogbulu & Adebayo, 2022). Addressing these barriers is crucial for realizing the full potential of corporate governance in enhancing performance.

III. RESEARCH METHOD

Preamble: This section outlines the research design, and the method used to examine the strategic role of corporate governance in the Nigerian oil and gas industry.

Research Design: A mixed-methods approach was employed, combining quantitative analysis of financial data with qualitative interviews to obtain a holistic understanding of the phenomena.

Research Instrument: A structured questionnaire was used for quantitative data collection, supplemented by semi-structured interviews to gather qualitative insights.

Population of Study: The study targets middle, senior management and executive staff in the Oil and Gas industry in Nigeria.

Sampling Technique and Sampling Size

Sampling Technique: The research adopted three sampling techniques:

Volunteer Sampling: Of all the companies in the oil and gas industry in Nigeria, I was able to get sixteen companies that volunteered to assist with the research.

Purposive Sampling: From the sixteen companies, Purposive sampling was used to select participants to ensure representation across different management staff and individuals with relevant expertise and experience which gave a population size of 200.

Convenience Sampling: Of the population size, only 59 were most available to the researcher. Eventually, 54 out of the 200 questionnaires distributed were returned and only three one-on-one interviews were conducted making a total of 57 respondents.

Sample Size: The study requires insight from individuals with expertise and/or experience in corporate governance. Considering the fact that this expertise is limited, the sample size was derived as follows: using the Yaro Yamane (1967) formula to calculate the sample size for sufficient representation of the participants.

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

Where, n = sample size :
N = population size: 200
e = allowable sampling error: 0.1
Replacing the variables with numbers in the formula above,

$$n = \frac{200}{1 + 200(0.1 * 0.1)}$$

Sample size n = 66.67

Data Collection: Questionnaires were distributed electronically, and interviews were conducted one-on-one. The questionnaire was distributed among respondents from various companies in the oil and gas industry in Nigeria who were selected using volunteer sampling.

Method of Data analysis: Quantitative analysis was done with the aid of Statistical Package for Social Sciences (SPSS). The data from the questionnaire was analyzed using simple percentages, frequency counts and mean scores. The statistical tool that was employed for testing the hypotheses were Regression analysis and Pearson Product Moment Correlation (PPMC) Coefficient at 0.05 significance level. Qualitative data was analyzed using thematic analysis.

IV. DATA PRESENTATION AND ANALYSES OF FINDINGS

4.0 Introduction

This chapter analyzes, interprets and presents the data obtained during the fieldwork. Statistical Package for Service Solution version 25 was used to analyze the quantitative data collected in the field. The biodata was analyzed using simple percentages and frequency counts. The hypotheses were tested using regression analysis and PPMC at a significance level of 0.05. The qualitative data were analyzed using thematic analysis.

4.1 Presentation of Respondents' Demographic Characteristics

Table 1: Respondents Demographic Profile

Characteristics	Status	Frequency	Valid Percent	Cumulative Percent
Gender	Male	35	64.8	64.8
	Female	19	35.2	100.0
	Total	54	100.0	
Age	35years & below	7	13.0	13.0
	36-45years	21	38.9	51.9
	46-55years	22	40.7	92.6
	56years & above	4	7.4	100.0
	Total	54	100.0	
Highest Level of Education	Bachelor's degree	12	22.2	22.2
	Bachelor's degree and Prof. Certification	1	1.9	24.1
	Master's degree	33	61.1	85.2
	Doctorate	8	14.8	100.0
	Total	54	100.0	
Current Position in the Organization	Executive Leadership	3	5.6	5.6
	Senior Management	4	7.4	13.0

	Mid-level Management	39	72.2	85.2
	Others	8	14.8	100.0
	Total	54	100.0	
Years of working in the Organization	1-3years	8	14.8	14.8
	4-6years	5	9.3	24.1
	7-10years	8	14.8	38.9
	More than 10years	33	61.1	100.0
	Total	**54**	**100.0**	

Source: *Fieldwork 2024*

Table 1 demonstrates the demographic variables of the participants with the aim of understanding the characteristics of the population. Consequently, Table 1 illustrates the demographic spreading of sampled participants by gender, 35(64.8%) of the participants were male, while the remaining 19(35.2%) were female. However, this does not indicate that the oil & gas organizations are male dominated but indicates the number of males that participated in this study. The outcomes of the age of the participants showed that 7(13%) were 35 years and below, 21(38.9%) were between 36-45 years, followed by the participants between the ages of 46-55 years with 22(40.7%), and the remaining 4(7.4%) of the participants were above 56 years and above. This result implies that majority of the participants were still of active working age.

The demographic outcomes of the participants on the basis of the highest level of education indicated that 12(22.2%) of the participants have bachelor's degrees, 1(1(1.9%) have bachelor's degree and professional certifications, 33(61.1%) have master's degrees, and 8(14.8%) have PhDs. The majority of the participants have acquired master's degree. In terms of the current position in the organization, 3(5,6%) of the participants are in the executive leadership position, 4(7.4%) of the participants are in the senior management position, 39(72.2%) are in the mid-level management position and 8(14.8%) belongs to other cadres within the organization. This result suggests that majority of the participants are within the mid-level of management.

Finally, regarding years of working for the organization, 8(14.8%) of the participants have been working for the organization for between 1-3years, 5(9.3%) of the participants have worked for 4-6years for the organization, 8(14.8%) have worked for 7-10years, and 33(61.1%) of the participants have worked for more than 10 years for the organization. Hence, majority of the participants have been working with their organizations for more than 10 years. This implies there is ample of experience and understanding of the culture and operations of their organizations among the participants.

Table 2: Respondents Demographic Profile (Cont'd)

S/N	Name of Company	Responses	%
1	Axxela Limited	8	14.8
2	Chevron Nigeria Limited	3	5.8
3	Dester Energy Ltd	1	1.9
4	EXXONMOBIL	2	3.7
5	First Exploration and Petroleum Development Company	1	1.9
6	KADUNA REFINING AND PETROCHEMICAL COMPANY LIMITED	1	1.9
7	Newcross Exploration and Production Limited	7	13.0
8	Newcross Petroleum Ltd	1	1.9
9	Nigerian Agip Oil Company Ltd	3	5.8
10	NLNG	1	1.9
11	NUIMS	4	7.4
12	Pan Ocean Oil Corporation (Nigeria) Limited	8	14.8
13	Petroleum Training Institute Effurun	4	7.4
14	Prime Oil and Gas	2	3.7
15	SEPLAT	1	1.9
16	SPDC LTD	2	3.7
17	TotalEnergies E&P Nigeria Limited	4	7.4
18	Weafri well service company	1	1.9

Total	**54**	**100**

Table 2 demonstrates the demographic variables of the participants with the aim of identifying the company represented in the population. Consequently, the table illustrates the demographic spreading of sampled participants by company, 54 responses were received from participants spread across sixteen companies in the oil and gas industry in Nigeria.

Analysis of Research Questions

Research Question One - How effective are current corporate governance practices in the Nigerian oil and gas industry in Nigeria? The researcher made use of a 4-point Likert scale, and as such, remarked that a mean of 0.9-1.9 represents not effective while 2.0-4.0 indicates effective.

Table 2: Respondents' Responses on Effectiveness of Corporate Governance Practices (N=54):

Items	Somewhat Ineffective	Somewhat Effective	Neither Effective nor Ineffective	Very Effective	$\bar{X}$
Management of stakeholders' relationships	--	21 38.9%	3 5.6%	30 55.6%	2.4
Mitigation of financial risks	3 5.6%	29 53.7%	2 3.7%	20 37%	2.2
Balance short-term goals	1 1.9%	28 51.9%	3 5.6%	22 40.7%	2.3
Management of operational efficiency	1 1.9%	30 55.6%	1 1.9%	22 40.7%	2.4
Grand mean					2.3

Table 2 reveals the mean of each item on the opinion of respondents regarding the effectiveness of current corporate governance practices in the Nigerian oil and gas industry in Nigeria. The result shows that items 1, 2, 3, and 4 with mean scores of 2.4, 2.2, 2.3, and 2.4 depict an agreement with the statement. The grand mean of 2.3 signifies that majority of the respondents agreed that the corporate governance practices are effective in Nigeria's oil and gas sector.

Research Question Two - What are the strategic roles of corporate governance on the financial performance of oil and gas industry in Nigeria? The researcher made use of a 4-point Likert scale, and as such, remarked that a mean of 0.9-1.9 represents a small extent while 2.0-4.0 large extent.

Table 3: Respondents' Responses on the Strategic Roles of Corporate Governance (N=54):

Items	Small extent	Some extent	Large extent	Very large extent	$\bar{X}$
Enhancing financial performance of organizations	--	16 29.6%	24 44.4%	14 25.9%	1.7
Contributions to risk management of organizations	2 3.7%	15 28.8%	23 44.2%	14 26.9%	2.9
Improving operational performance	--	16 29.6%	24 44.4%	14 25.9%	3.9
Improving operational efficiency of organizations	1 1.9%	1 1.9%	30 55.6%	22 40.7%	2.4
Grand mean					2.7

Table 3 reveals the mean of each item on the opinion of respondents regarding the role of corporate governance practices in the Nigerian oil and gas industry in Nigeria. The result shows that respondents disagreed with item one statement with a mean score of 1.7 depicting that corporate governance does not enhance the financial performance of organizations. However, items 2, 3, and 4 with mean scores of 2.9, 3.9, and 2.4 depict an agreement with the statements. The grand mean of 2.7 signifies that majority of the respondents agreed with the roles of corporate governance practices in Nigeria's oil and gas sector.

Research Question Three -What is the relationship between corporate governance and operational efficiency?

Table 4: Correlation matrix among the study variables

	Variable	Mean	Std. Dev.	N	1	2
1	Corporate governance	2.63	.698	45	1	.770
2	Operational efficiency	2.34	.597	45	.655	1

Source: Researcher's field computation (2024)

Keywords:*1: Corporate governance, 2: Operational efficiency*

Table 4 shows an Inter-Item Correlation Matrix, which is a statistical analysis tool deployed to examine the relationship between corporate governance and operational efficiency. The matrix displays the correlation coefficients between the two variables presented: Corporate governance and Operational efficiency.
The two variables have a correlation coefficient of 1.000 with themselves, indicating a perfect positive correlation. However, corporate governance has a correlation coefficient of 0.770 with operational efficiency, indicating a strong positive relationship between the predictor variable (corporate governance), and response variable (operational efficiency).
Overall, there is a strong positive relationship between the two variables under consideration. Considering the level of association between the variables, the study presumed that they are reasonably normal which does not create any concerns for multicollinearity.

Hypotheses Testing
HO_1- Corporate governance practices are not effective in the oil and gas industry in Nigeria.

Table 5: Linear Regression Analysis Results of Relative Contribution of Corporate Governance and Oil & Gas Industry

Model summary
R= .782[a]
R^2= .612
R^2 (Adjusted) = .604
Standard Error of Estimate = .564
F=81.884, P<0.05

Model		Unstandardized Coefficients		Standardized Coefficients	T	p-	Decision
		B	Std. Error	Beta			
1	(Constant)	.273	.301		.906	.369	**Reject**
	Corporate Governance Practices	1.003	.111	.782	9.049	.000	**HO_1**

a. Predictors: (Constant), Corporate governance practice
b. Dependent Variable: Oil and gas

The result from Table5 revealed that corporate governance had a strong positive correlation with organizational learning culture (R=.782). The R square value of .612 indicated that corporate governance contributed 61.2% to the variability of oil & gas growth. This implies that, for every small change in corporate governance, there is a 61.2 change in oil & gas growth. Hence, this justifies the reason the predictor variable which is corporate governance practices is statistically significant with oil & gas (β=.782, t=9.049, p=.000<.005). This means that the null hypothesis is rejected, while the alternate hypothesis is accepted. Hence, corporate governance practices are effective in the oil and gas industry in Nigeria.

HO_2- Corporate governance does not play a strategic role in the financial performance of the oil and gas industry in Nigeria.

Table 6: Relationship between Corporate governance and financial performance

Variable	Mean	SD	N	Df	r*	P	Remark	Decision
Corporate Governance	2.51	.556	54	52	.685**	0.00	Sig.	Accept H_1
Financial performance	2.63	.69						

p<0.05

The correlation coefficient is .685**. This implies that there is a strong positive relationship between corporate governance and financial performance. Since the *p-value* .000 is less than the level of significance of 0.05(*p*<0.05), the null hypothesis is rejected while the alternate hypothesis is accepted. This implies that corporate governance plays a strategic role in the financial performance of the oil and gas industry in Nigeria.

HO_3- There is no significant relationship between corporate governance and operational efficiency.

Table 7: Relationship between Corporate Governance and Operational Efficiency

Variable	Mean	SD	N	Df	r*	P	Remark	Decision
Corporate Governance	2.63	.698	54	52	.770**	0.00	Sig.	Accept H_1
Operational Efficiency	2.34	.597						

p<0.05

The correlation coefficient is .770**. This implies that there is a strong positive relationship between corporate governance and operational efficiency. Since the *p-value* .000 is less than the level of significance of 0.05($p<0.05$), the null hypothesis is rejected while the alternate hypothesis is accepted. This implies that there is a significant relationship between corporate governance and operational efficiency.

Presentation and Interpretation of Qualitative Results

i.The opinion of respondents about the effectiveness of current corporate governance practices in the Nigerian oil and gas industry.

Some of the excerpts from the participants are as follows:

"So, I know that in the past, you know because I've been here a long time, the issue of corporate governance was not initially…uh, the company that is trying to survive. But in the past few years, corporate governance has taken Centre stage. So, if you look at it, you now see that the board is properly constituted. You have independent directors. You have non-executive directors. You have audit committee. And now, you see things like, like, uh…a few weeks ago, the GMD told me that in September, when they have the board meeting, I will have to come and present the cyber security plan. And this is novel for me. But that shows corporate governance. And this is corporate governance at the highest level" *(Respondent 1)*.

"Well, in our organization, the corporate governance is well enforced and it's really helping us in the area of structure, the rule, the practice, and it helps us in proper management of the organization. So, we can say that we have encouraged the aspect of our maximum performance, even in the area of the output" *(Respondent2)*

"Corporate governance……. The existence of corporate governance gives the trust to that source of debt capital when you are using it, so, when a company like ours is not using. The equity to trade, you would want everyone to trust and believe in your governance structure and that makes that corporate governance inevitable, so, we have it and we believe in it" *(Respondent3).*

The responses from the 3 participants signify that, generally corporate governance practices can effectively drive performance in the Nigerian oil and gas industry.

ii. The opinion of respondents about the strategic role of corporate governance on the financial performance of oil and gas industry in Nigeria

Some of the excerpts from the participants are as follows:

"You can see, obviously, that the performance is improving. So, corporate governance affects performance" *(Respondent 1)*.

"Yes, you know, good corporate governance can help your profitability, because everybody, everybody shares that involvement. But bad corporate governance can disrupt company operation and even can affect profitability. So, because the corporate governance in our own organization gives responsibility and sense of ownership to everybody. When you feel involved, and there's a pattern, not pattern, let me put it … there is a career progress" *(Respondent 2)*

"Yes, we performed better than before. As we improve in all those things it is reflecting on our performance" *(Respondent 3).*

The outcomes from this particular interview, question basically indicate that majority of the respondents were of the opinion that corporate governance has positive strategic roles on financial performance of oil and gas industry in Nigeria.

iii. The opinion of respondents about the relationship between corporate governance and operational efficiency

Some of the excerpts from the participants are as follows:

"Everything is now being done and is an example of corporate governance. It's an example of effective corporate governance. Now we're having…" *(Respondent 1)*.

"In our organization… Everything that we do, that is where the corporate governance actually works for us" *(Respondent 2)*

"For the first time yesterday, when I had oil lenders meeting, the lenders commended us a lot that they had seen changes in our performance because what they had they have recorded this year alone as to what we have paid compared to last year, that the first six months in this year is actually more than the entire last year's financial report. So, those things refine the way you do your business and the steps you take to build trust in your stakeholders" *(Respondent 3).*

The responses of the participants to this particular question generally revealed that corporate governance can foster the operational efficiency of oil and gas in Nigeria.

V. SUMMARY OF FINDINGS, RECOMMENDATIONSAND CONCLUSION

Summary of Findings (Questionnaire)

- Corporate governance practices are effective in the oil and gas industry in Nigeria.
- Corporate governance plays a strategic role in the financial performance of the oil and gas industry in Nigeria.
- There is a significant relationship between corporate governance and operational efficiency.

Table 8: Summary of the Interview Findings

	Questions	Summary of the findings of the participants
I	What is your opinion about the effectiveness of current corporate governance practices in the Nigerian oil and gas industry?	Corporate governance practices can effectively drive performance in the Nigerian oil and gas industry.
Ii	What is your opinion about strategic role of corporate governance on the financial performance of oil and gas industry in Nigeria?	Corporate governance has positive strategic roles on financial performance of oil and gas industry in Nigeria.
iii	What is your opinion about the relationship between corporate governance and operational efficiency?	Corporate governance can foster operational efficiency of oil and gas in Nigeria.

Source: Researcher's computation (2024)

RECOMMENDATIONS

The following were the recommendations from the analysis of the results. The study recommends that companies should**:**

- Prioritize the implementation of robust governance frameworks.
- Focus on transparency and accountability to navigate challenges and seize opportunities.
- Promote ethical conduct and strategic decision-making for long-term prosperity.

CONCLUSION

Corporate governance is positively and significantly linked to organizational performance. The literature indicates a strong correlation between corporate governance and organizational performance, suggesting that when organizations in the oil and gas industry adopt and maintain effective corporate governance practices, their performance is likely to improve. This finding aligns with stakeholder theory.

Therefore, the strategic role of corporate governance in enhancing organizational performance within Nigeria oil and gas industry cannot be overstated. By promoting transparency, accountability, ethical conduct, and strategic decision-making, corporate governance serves as a catalyst for sustainable growth, operational efficiency, and stakeholder trust. As the industry continues to evolve amidst geopolitical shifts and environmental imperatives, companies must prioritize the implementation of robust governance frameworks to navigate challenges and seize opportunities in the pursuit of long-term prosperity.

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