

# Improving the Joint Venture Relationship and Working Culture in the Nigeria Oil & Gas Industry

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## Abstract

The focus of this research is to investigate the working culture and the relationship between joint venture (JV) partners in the Nigerian oil industry and its impact on JV project performance. The major international oil companies (IOC) having JV with the Nigeria National Petroleum Company (NNPC) in Nigeria are ExxonMobil, Royal Dutch Shell, Total, Chevron, and ENI. An organizational working culture can be said to be the organization's belief system, thought processes, the attitude of the employees, their ideologies, and the organizational principles of doing things. The research methodology used is a qualitative questionnaire based on a systematic random sampling of targeted participants both in and out of the Nigerian oil and gas industry. The research analyzes the root cause of the inefficiency experienced in the Nigerian oil industry, which is responsible for JV project delays, recent divestment by the IOCs, frequent community-related work stoppages at JV project sites, sabotage of oil pipelines, and the un-restfulness in the Niger Delta area. The research work is intended to inform the need for cultural change in JV operations in Nigeria oil and gas industry by providing information on the existing JV working culture, partners relationship under the current joint operating agreement (JOA) vis a vis best global practices and to make recommendations to the Nigerian populace especially the new board of director that will be appointed early 2022 following the new petroleum industrial bill (PIB) that has just been signed into law. This article is to provide information for the required restructuring and define the effective and efficient relationships and working culture under a new JOA. The result obtained established the fact that the existing working culture and relationship between the JV partners in the Nigerian oil and gas industry are not only unsustainable but unfit to deliver individual or joint venture interest. The JV operations must be incorporated as a legal entity having its own organization, dedicated management,

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and a workforce that will develop a positive working culture focused on achieving the JV goals and objectives.

### Keywords

Joint Venture, Nigeria Oil & Gas Sector, Relationship Management, Working Culture

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## 1. Introduction

This research paper is focused on improving the grossly inefficient working relationship between Joint Venture (JV) co-ventures in the Nigeria oil & gas sector. There are best practices of JV relationship management globally, Nigeria JV organization is a typical example of a working relationship that suffers greatly from bad working culture and political influence. Transactions between the Nigerian national petroleum company (NNPC) and the international oil companies (IOCs) are unnecessarily delayed because of a lack of trust, transparency, and individual interest that results in antagonistic relations. The joint venture agreement is obsolete as there are gaps that give room for non-performance.

In the existing working culture and relationship management, getting a contract approved by NNPC in line with a joint operating agreement (JOA) could be delayed for 24 months or more, and payment of NNPC share (cash-call) of JV operations cost is never on time because of frequent disagreements on transactions. According to the Nigerian minister to petroleum (Kachikwu, 2016) the cash call policy has delayed production, weakened efficiency, and degenerated confidence between NNPC and the IOCs. To effectively manage the country's oil and gas resources, there is a need for the implementation of alternative funding which has been put in place for some projects in the last two years, it is only hoped that oil production will increase however without an effective working culture clarity and stability will continue to be a problem.

In an *African Research Bulletin* (2008) Shell lamented over their frustration; after NNPC consented to reimburse only \$2 bn after spending over \$3 bn in lieu of NNPC JV share to kick-start a project that NNPC refused to pay their JV share because the priority of NNPC was different at the time the funding is required (Inkpen, 2011). The question, however, remains how to improve the working relationship between the JV partners with different interests. Many projects have been delayed by Shell Nigeria. One example is the Bonga Southwest oil-field development project capable of producing about 2 million bbl. of oil per day (Business Day, 2017). This project has been delayed now for over 10 yrs, due to lack of collaboration to agree on a project execution plan and funding approval.

### 1.1. Research Aims and Objectives

This research is to analyse the current relationship and working culture between

the JV partners in the Nigerian oil industry, the reasons for project delays, why most JV projects are never completed on time and within budget and to investigate the potential for a more effective working culture.

The outcome of the research will be published in the public domain and made available to the IOCs and NNPC with the hope of influencing setting up of a new governing structure for the oil and gas industry. Follow-up to the recent passage of the Petroleum Industry Bill (PIB) into law in Nigeria which is the first step into restructuring the oil and gas industry in Nigeria since oil was discovered in Nigeria. Restructuring is required to promote an effective working culture between the JV partners in Nigeria oil & gas sector.

## **1.2. Existing JV Working Culture**

The Group Managing Director of NNPC in a panel discussion mentioned the fact that although IOCs ambitions and the NOC aspirations are different, there is however the need to maximize mutual benefits through collaboration in the following areas: contractual model, technology, funding, production growth, capacity development, cost reduction, environmental protection, corporate social responsibility, security and reserve growth (Chineme, 2017). This shows that after many years of JV operations in Nigeria collaboration between JV partners is still an issue. The IOCs as the JV operators in most cases work independently and only report or present progress on post event to the other JV partners. The joint operating agreement (JOA) has become obsolete in today's realities. For example, the IOC cannot award a contract above \$500,000 without NNPC approval in line with the JOA. NNPC must approve bidders list for contracts above \$500,000. At the project level, the IOCs see the effort in carrying NNPC personnel along on every activity on a project as an extra burden that is not adding value except to obtain funding approval.

The concern remains why NNPC is consistently not having a good working relationship with the IOCs?

This research paper is organised as follows: It starts with an introduction section detailing the research aim and objective and existing working culture and JV relationship in the Nigerian oil and gas industry followed by literature review section of JV review and the research theoretical framework. The research methodology section and analysis of result followed in that orders before the conclusion and recommendation.

## **2. Literature Review**

### **2.1. Typical JV Performance Review**

Many researchers have been on JV performance, it is commonly agreed that the success factor of JV is mainly dependent on the planning and attention given to the partnering process, beginning with the rationale for entering the JV (Beamish & Lupton, 2009).

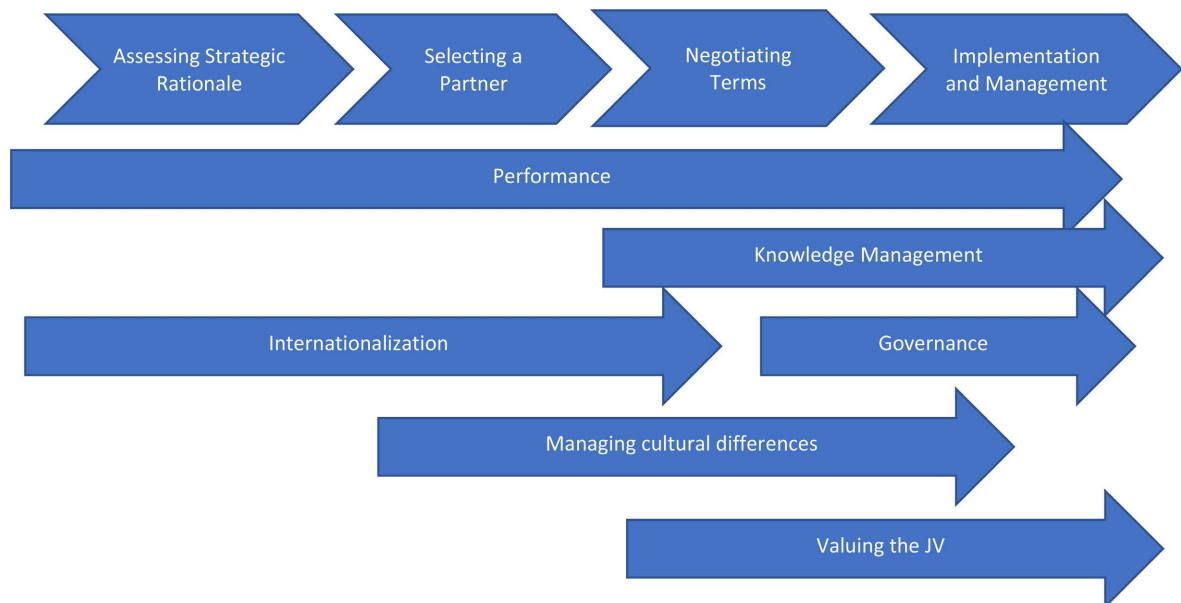
Most organizations today are faced with turbulent working environment requiring change and partitioners, and academics continue to research on the link between working culture and organizational performance (Mallak Larry & Kurstedt Harold, 2015). It has been found that the stronger the strength of working culture of an organization, the higher the organizational performance and return in investment to the shareholders (Denison, 1990). This research sought evidence to support this hypothesis using the Nigerian oil and gas industry as a case study.

Most of the management issues of JV can be seen in JVs that have been formed and operational in which managers must make decisions that affect the performance of the work. However, management issues are spread over the JV processes as detailed in **Figure 1**. Importance of Managerial Issues during JV Partnering Process (Beamish & Lupton, 2009).

A good example of an efficient working culture in a JV relationship is from the automobile industry (Wilmer, 1994: pp. 99-113). The JV between GM and Toyota in 1984, resulted to a dramatic transformation of GM worst plants in the U.S in terms of low productivity, quality issues and poor union management to a new culture that fostered trust, mutual respect, and improved workers moral; is a good theoretical framework. Consensual decision-making becomes the norm and the JV continues to work efficiently and to have high quality using the same plant with half workforce and eventually won the highest quality score ever attained in the U.S made vehicles in May 1994 (Daniel, 1997). This shows that it is quite possible to find a solution to the poor working culture currently experienced between the JV partners in the Nigerian oil industry.

## 2.2. Theoretical Framework

The ineffectiveness of the working culture and management of JV in the Nigerian



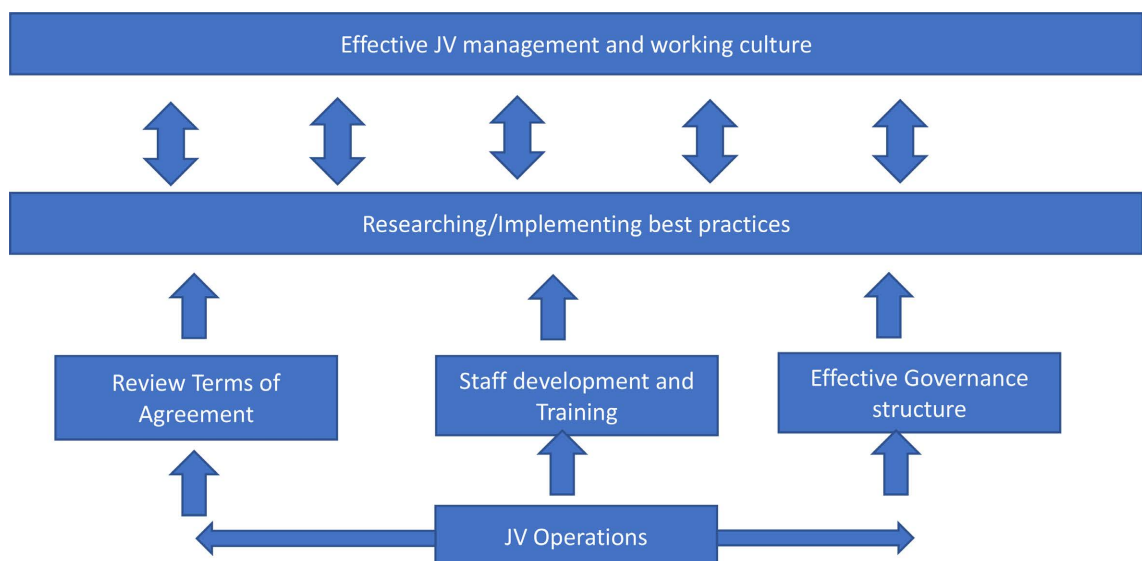
**Figure 1.** Importance of managerial issues during JV partnering process (Beamish & Lupton, 2009).

oil industry is a function of many factors which spread over the entire JV partnering process. This includes the JV formation, negotiation of terms of the agreement, implementation, and the organizational management structure. The Nigerian JV was entered into during the military government era. Some of the IOCs are already on the ground carrying out exploration activities on sole responsibility. **Figure 2** below is a theoretical framework used in this research that can make the oil and gas JV in Nigeria more productive. This will involve renegotiation of some terms of the JOA and reallocation of responsibilities to the JV partner that are in the best position to provide the required resources most especially, as regard to funding.

Having an efficient governance structure will be a success factor to improve the working culture training will be required so that the employees can adapt to a new working culture that is focused on the product. Another key success factor for JV organization is to put an intrinsic motivator in place for the team and have regular feedback and act on noticeable issues that may arise (Liewellyn, 2015). Information was collected on best practices in these focus areas with particular attention to Nigeria's local factors. This information was gathered from experienced JV personnel and stakeholders that are familiar with the Nigeria JV operations. This information's was analysed to propose an efficient working culture that will improve the JV operations in Nigerian oil industry.

Research for an efficient JV structure will continue to be an ongoing study because of the differences that can exist in JV formation process from numbers of partners to formation strategy.

For JV management and working culture in Nigerian oil industry, the theoretical framework in **Figure 2** can result in obtaining an improved JV management and working culture. An effective JV governance structure, relevant staff training and review of JOA when required are important activities that can



**Figure 2.** Theoretical framework for an effective JV management.

promote effectiveness and efficiency in JV operations. By frequently benchmarking these activities with best practices, an effective JV working culture is developed that is capable of delivering JV set goals and objectives. The research methodology includes the use of a survey questionnaire focusing on improving the terms of JV agreement, staff training and effective communication which eventually address governance, strategic, economic, and organization challenges with JV operations in Nigeria oil industry.

According to Said's (1978) colonial work, the IOCs in JV with African countries will always be a case for study as they come into Africa with an expatriate culture (superior) while the host country sees themselves as the owner of the business. This already creates a window for conflict if not properly handled.

### 3. Research Methodology

The research methodology used in this research is to create a qualitative questionnaire and obtain responses based on systematic random sampling of targeted participants both in and out of the organization. The researcher is part of the system having worked with the Shell/NNPC JV organization on various projects for 25 yrs.

Famakin (2012) explored the key performance indicators for a JV construction project in Nigeria and the result of the research shows that 1) Establishing JV relationship; 2) JV management; and 3) JV project Performance are the main key performance indicators. If these three key performance indicators are carefully considered the JV performance becomes very effective and efficient.

The research questionnaire was designed to review the above key performance indicators of the JV in the Nigerian oil industry.

The target participant is a total of 60 JV partners employees and 40 stakeholders in the oil industry making a total of 100 participants. The participant is restricted to people who are adequately knowledgeable of the subject matter.

#### 3.1. Data Analysis

Data from the survey responses were analysed using data distribution to see the answers from each respondent to the questions, grouping similar responses and finding the percentage distribution of same or similar answers in meaning relative to the total respondents and then drawing conclusions (Easterby-Smith, 2012: p. 245). Recommendations were made based on new facts that can be used to promote an effective working culture between JV and PSA partners in Nigeria's oil and gas industry. The data analysis concept used in this research can be summarised as in line with frequently used methods for learning analytically which are used to analyse the data collected which can be summarised as follows (Gwo-Jen Hwang, 2017).

1) Decision tree—This is based on a model developed from the experiences expressed by the respondent and uses this model to make predictions for future occurrences. The outcome of the survey shows that there is existing poor working

culture between the JV partners in the oil industry in Nigeria has resulted in poor project performances for various reasons. The decision and recommendation is based on survey outcome.

2) Clustering—Set of data received are grouped based on similarity of reasons. In this way, decisions are made based on the most data with the highest frequency of occurrence. In this way, the root causes of inefficiency and the poor relationship are obtained from respondent data.

3) Visualization techniques—From the survey analysis as contained in **Tables 1-12**, it is evident that all the three major performance indicators for JVs listed by **Famakin (2012)** namely a) Establishing JV relationship; b) JV management; and c) JV project Performance are responsible for the challenges faced by the JV operations in Nigerian oil industry.

### 3.2. Ethics

A confidentiality clause is included in the survey in compliance with ethics and possible political bias. I will use a web-based survey system whereby the questionnaire will be located on a website storable for a minimum of 5 years and only the link will be emailed or sent by text message to the recipient. The survey is then completed online.

The Shell/NNPC JOA and that of other IOCs are control documents, however, the author is familiar with the content of the agreement. The administrative content in the JOA between NNPC and the IOCs operating in Nigeria are in public domain, only the fiscal terms are slightly different depending on when the agreement was made with the IOC.

## 4. Results and Analysis

A total of 82 responses were received out of the 10 survey population after series of follow-up and efforts made by calling individual phone lines, using email and other social media to persuade targeted population. This is the challenge faced in this research, the targeted respondent to the survey are in the busy category and qualitative questionnaire are not usually “YES” or “NO” answers. It requires expression of opinion which usually takes more time to answer. Another unfortunate problem in the responses provided is that the statements are brief in many cases however the respondent’s opinion can easily be understood.

The questionnaire is designed to collect data on participant’s opinions on the various subject matter that could be contributing to the effectiveness or the ineffectiveness of the JV operations in the Nigerian oil industry. The following are the collation of the survey responses.

The summary of responses per category is shown in **Figure 3**. 63.41% of responses obtained are from IOCs staff working on JV projects on senior job positions, 18.29% are staff of National company (NNPC), 12.20% from host communities’ leaders and the rest other stakeholders who are conversant with JV operations in the oil sector.

	Numbers of Responses	% of Respondent
IOCs	52	63.41
NNPC	15	18.29
HOST COMMUNITIES	10	12.2
OTHER STAKEHOLDERS	5	6.1
TOTAL	82	100

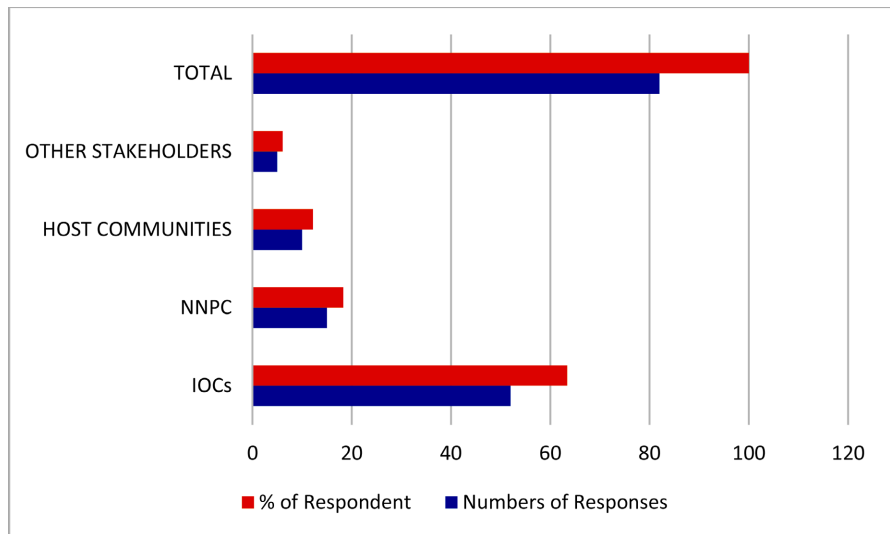
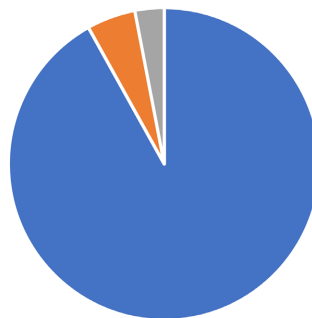


Figure 3. Summary of responses by category.



BLUE - Numbers of respondents with "YES" having over a period of 5 years' experience in the subject matter (90.9%)  
 RED - Numbers of respondents over 6 months but less than 5 years' experience in JY operations in Nigeria oil Industry (5%)  
 GRAY - Numbers of respondents having below 6 months experience in JV operations in Nigeria oil industry (3%)

Figure 4. Experience profile of survey respondents.

Analysis of the data and the conclusion is influenced greatly by responses from experienced and knowledgeable participants on the subject matter. Figure 4 shows the summary distribution of the experience profile of the 82 respondents out of the 100 targeted participants. One of the survey questions addressed to know participant's profile is "Do you have over 5 years' experience on the



subject matter in Nigeria” 90.9% responded with a “YES” while 5% responded with a “NO” as some of them as experience lower than 5 years. About 3% of responses are “maybe” or with no response.

As shown in **Figure 4**, over 90% of the survey responses are from people that know the research topic very well, these are people that have worked or presently occupying management positions in the Nigerian oil industry. We can only expect a precise account of existing working culture and relationship among the JV partners and best way to improve same from them. With regards to the quality of data used for the research it can be said to be of high accuracy based on the profile of the targeted population.

#### 4.1. Collation of Survey Responses

The questionnaire is designed to collect data on the participant’s opinion on the various subject matter that could be contributing to the effectiveness or the ineffectiveness of the JV operations in the Nigerian oil industry. The following are the collation of the survey responses.

##### 4.1.1. JV Management and Leadership Style

The summary of collation of responses on the JV management leadership style and the percentage distribution of survey participants is shown in **Table 1**. The process used for collation is to group answers with similarity in meaning and application to the questions asked. There is a wide range of views, 34% of the respondent believes that because the JV is not incorporated, there is no leadership direction. It is seen as a divided house where there is always a lack of convergence between NNPC and the IOCs. The individual agenda does not support effective management and leadership style does not support the overall interest of the JV. The most popular of the responses are: “No leadership direction” and “Pursuit of individual agenda”, which means that the JV is not working as a team intrinsically. 21% of the respondent believes that the JV management and Leadership style is excellent, adequate, effective, and deliver the overall JV objective. This set of respondents tends to support the fact the management and leadership

**Table 1.** Summary of response to JV management and Leadership style in Nigerian oil industry.

% Distribution Collated Responses—comments with similarity in interpretation	
54%	there is room for improvement. It is an unincorporated JV A meeting of partners not leadership, each partner comes with their own agenda resulting to divided vision, usually no convergent on many issues Leadership grossly ineffective no direction really and leadership has no interest of the JV OPCOM is the forum to resolve issues no structured management in place
20%	Leadership style ok
23%	It’s one directional. NNPC is the major shareholder and usually give command and providing needed leadership. JV partners try to outsmart NNPC

provided are fit for purpose. 23% believe that JV management and leadership style is satisfactory. 20% of the respondents, however, believes that the followings about the management and leadership style: need improvement, inappropriate, bad, suboptimal, and ineffective as JV partners goals are not aligned consensual. The reasons for the range of opinion are because of the spread of survey participant.

#### 4.1.2. JV Governance Structure

The collation of responses on the impact of existing governance structure on the effectiveness or efficiency of the JV operations in the Nigerian Oil Industry is shown in **Table 2**. 72.8% of the responses believe that the existing governance structure is not effective. Reasons for these conclusions range from that the JOA does not give enough power to the IOCs. The governance structure is such that IOCs must take orders from NNPC and in cases where IOCs decide to do otherwise, there is a risk of not being able to recover NNPC share of such expenditure. The governance structure is adversely bureaucratic and hierarchical which leads to delays in decision making and project execution. Many of the respondents are also of the opinion that there is no structure as JV only exists in an abstract form. A decision is reached through the formation of committees at different management levels: There is Development Committee (DEVCON), Technical Committee (TECOM), and operational committee (OPCOM). Financial reconciliations are resolved in these committees and sometimes issues are escalated to top-level management level of the IOC and NNPC without a solution over a long period because of pushing blames from one partner to another even after many fruitless efforts of engagement. The respondent argues that the JV

**Table 2.** Summary of responses to existing governance structure in Nigerian oil industry.

% Distribution Collated Responses comments with similarity in interpretation	
72.8%	<p>The existing structure is suboptimal as it does not promote true partnership, rather the NOC views itself as a dictator that must be obeyed</p> <p>The JV operators are not empowered enough in the JOA</p> <p>NNPC determines the space of development, but government financing is always the problem, JV partners devote too much time and resources in managing NNPC.</p> <p>Projects are not executed in a timely manner due to bureaucratic delays.</p> <p>No structure as JV only exist in abstract, governance structure is not effective.</p> <p>TECOM and OPCOM meetings cannot always provide solution for many issues</p>
20.5%	<p>The existing JV governance structure has been very effective in controlling the operators, but gaps need to be closed</p>
6.8%	<p>Developing local technical knowledge</p> <p>Gives training opportunity for the locals</p> <p>NNPC uses small number of professionals to manage the business</p>

partners have divergent views and IOCs are simply doing what they like while much time is lost in the decision-making process. 20% of the respondents, however, believe that the governance structure in place is effective. Some argue that though there are gaps, the structure is fit for purpose. It is collaborative, positive, and very effective. There are also few comments on the non-inclusiveness of host communities in decision making and the fact that NNPC staff has exposure to different technical knowledge from the IOCs in the cause of project monitoring.

#### 4.1.3. JV Organizational Structure

The collation of responses on the impact of existing organizational structure on the effectiveness or efficiency of the JV operations in the Nigerian Oil Industry is shown in **Table 3**. 80% of the respondents suggest that existing organizational structure is not effective because there is no accountable organizational structure in place. Most responses suggest that Leadership is by committees that are characterized by irregular meeting periods driven by an emergency. A participant submitted that “Decisions are mostly post-event” and another said that “slows down progress”. The structure in place is that of master-servant relationship instead of that of teamwork. Management is by committees at various levels and characterized by a slow decision process and mostly decision is taken as post-event. There are no JV organization as individual partners exist as an entity. The JV operations are not managed as an investor with a sense of profit drive by NNPC. 20%, however, believe that the existing organizational structure is very effective in controlling the excesses of JV operation and in line with the JOA. This is the reason for the delay in decision and IOC’s reluctance to fund projects.

#### 4.1.4. How Can JV Management Be Improved?

The collation of respondent’s opinions on what can be done to improve the existing JV management and make it more effective is as showed in **Table 4**. 36.4% of the respondents are of the opinion that by incorporating the JV it become a

**Table 3.** Summary of responses to existing organizational structure in Nigerian oil industry.

% Distribution Collated Responses comments with similarity in interpretation	
80.0%	<p>It is a flawed decision-making process whereby the partners keep second guessing each other,</p> <p>Regular changes in management renders slowdown in the execution of projects.</p> <p>The organizational structure creates a servant master relationship instead of teamwork between IOCs and NNPC staff, there is gap between the IOC and the NNPC staff which is counterproductive to the JV projects execution.</p> <p>Only the oil producing companies show some concern really on sustainable development of the oil sector</p> <p>Leadership is too far to the oil field where the action is taken place</p> <p>Management is by committees OPCOM, DEVCOM, TECOM, EXCOM, Leadership is just like consultative assemble using committees, Decision is usually post event</p> <p>The structure in place leads to inefficiency, there is no JV organization as individuals partners exist as an entity</p>
20%	The structure in place is in line with the JOA. Another structure will require JOA amendment

legal entity, this way the management of the JV operations can be improved. One of the respondents said that “It cannot remain in the current form. To succeed, it has to be incorporated” and another said that “By moving to the incorporated JV structure, the JVs become self-governing entities “. Some other respondent believes that a form of restructuring is required as someone said: “The operators should be given full authority to execute the JV on behalf of the government”. 40.9% believe that a form of restructuring involves a renegotiation of the JOA, agreement on funding, given more authority to the IOCs, divestment of interest by Nigerian government and focusing on taxes and royalties is the best way to improve the management of JV operations. 22.7%, however, are of various opinions, including the need for a clear legislation by the government, identifying gaps and closing them, the inclusion of host communities as business owners and corruption eradication as the ways to improve the existing inefficiencies in the JV operations in the Nigerian oil industry.

#### 4.1.5. Working Culture between the IOCs and NNPC

The collation of respondents on the working culture between the IOCs and NNPC and the percentage distribution to the total survey participants is shown in **Table 5**. 50% of the respondent believes that the existing working culture between the IOCs and NNPC has negatively impacted the relationship between the JV partners. The existing working culture has created an atmosphere of veiled, mutual distrust that has developed to antagonistic relations. According to one of the responses “it has resulted to project delays and reaching decisions by the JV

**Table 4.** Summary of responses to “How can the current management of oil JV development in Nigeria be improved?”.

% Distribution Collated Responses comments with similarity in interpretation	
36.6%	It cannot remain in the current form. To succeed it has to be incorporated, By moving to the incorporated JV structure thereby the JVs become self-governing entities., NOC should act as holding company to the government.
40.9%	Better to renegotiate the JOA for better performance Restructuring of JV organization to be independent of the government and reduce approval hierarchy and guaranteed funding of JV budgets/workplan.
22.7%	legislation is required for a new JV structure, the hos community need to take ownership of the oil business, Eradicate corruption.

**Table 5.** Summary of responses to how the working culture between the IOCs and NNPC impacted the relationship between JV partners in the Nigeria oil industry.

% Distribution Collated Responses comments with similarity in interpretation	
50.0%	JV partners relationship has created negative atmosphere of veiled mutual distrust and blame culture. Pursuit of self-interest and hidden agenda with lack of transparency
11.4%	The relationship is very cordial and positive having respect for each other
36.4%	IOC respect opinions of NNPC and each JV partner related to NNPC in different ways. Misalignment of corporate priorities often cause frustration for JV partners. Working culture is not on JV partnership. NNPC expert their opinions to be obeyed like master to servant relationship

management” others simply responded “negatively”. Why some responded that “it encourages hide and seek “others stated that “lacks transparency and honesty. The operators always trying to cover up something from NNPC” It can be concluded that these show that working together with the JV partners is not productive. It has become that of a master-slave relationship which has resulted in a hide and seek game where information flow is not optimum. 11.4%, however, believe that the existing working culture is positive but can be improved upon. While 36.4% of the respondents are of the opinion that the effects of existing working culture on the JV partners is not productive. IOC working culture is liberal and linked to rules while NNPC style is authoritative and linked to personality. The staff of the IOCs does not see themselves as JV-related staff and NNPC staff sees themselves as police rather than a team member.

#### 4.1.6. Political Impact on JV Operations

The collation of respondents on the political impact on the JV operations and the percentage distribution of survey participants is shown in **Table 6**. Almost all the responses to the survey believe that politics has impacted negatively on the effectiveness of JV operations in Nigeria’s oil industry. The responses are “negatively” or “badly”, “bad influence” or bad in all form”. Some other respondent considers the impact on IOCs reputations and core values. As one respondent stated, “politicians are taking advantage of the JV lack of structure to exploit the Nigerian oil industry”. Politicians do take advantage of the oil sector and have also delayed legislation of required laws to improve the ineffectiveness of the JV operations. Further additional ways the politicians frustrate the IOCs

**Table 6.** Summary of responses on how as, Nigerian politics impacted the effectiveness or ineffectiveness of JV operations in the Nigeria oil industry.

% Distribution Collated Responses comments with similarity in interpretation	
43.2%	<p>The effect has been negative, Inability of the national assembly to pass laws. Political influences have resulted to more harms than good</p> <p>Inconsistent policy implementation due to political considerations often increasing the business risk for JV partners, with adverse impact on long-term plans</p>
52.0%	<p>IOC are exposed and sometimes reputation on the line</p> <p>Oil theft and sabotage of the oil facility installation is an issue which results in pollution and increase operational cost</p> <p>Operator of JV asset is seen as the extension of the government by host communities</p> <p>Insecurity of asset and personal IOC exposed to human right abuse</p> <p>results to pollution deferment and need to cut cost</p> <p>Politicians take advantage of the JV lack of structure to exploit the Nigerian oil Industry trying to bypass processes</p> <p>Money is wasted in exploration of oil in the northern part of the country now for many years without success for political reasons</p>

include; increase in operational cost by the imposition of contractors, fund diversion, exposure to human rights abuses and insecurity of assets and personnel.

#### 4.1.7. Adequacy of the Joint Operating Agreement (JOA)

The collation of respondents' opinions on the adequacy of the JOA is shown in **Table 7**.

88.6% of the respondents believe that the existing JOA which was signed over 35yrs ago is obsolete and not relevant to today's realities. Most of the respondent's answers to this question are "yes" or "There are gaps". The JOA is obsolete therefore it is difficult to have a framework that represents current realities that can make the JV partners work together effectively.

#### 4.1.8. Employees Relationship

The collation of respondents' opinions on the JV employee's is shown in **Table 8**.

40% of the respondents believe that the JV should be incorporated to provide a framework for the JV to have one organization with a clear chain of command. The common answers to this question are "incorporate the JV". 40.9% believe that communication and training down up to the JV partners organization can improve the working relationship of the JV employees. 58.8%, however, have various suggestions ranging from the deployment of NNPC staff to IOCs offices,

**Table 7.** Summary of response to the questions "Are there gaps in the JOA that could provide a framework for an effective management of the JV in the Nigerian oil Industry?".

% Distribution Collated Responses comments with similarity in interpretation	
88.6%	The JOA is currently outdated and no longer suitable for present operating conditions. Signed more than 35yrs not relevant to today's realities. JOA was fit for purpose at the time it was put in place but now outdated
11.4%	Did not address the question

**Table 8.** Summary of response to the questions "how the JV employees working relationship be improved?".

% Distribution Collated Responses comments with similarity in interpretation	
40.9%	As stated above, incorporate the JVs into distinct entities. Technically speaking JV staff do not exist. IOC and NNPC staff work independently under separate rules and organization.
58.8%	More communication between the JV partners and training. Co-location of IOC and NNPC staff in project office. Proper legislation of Nigerian local content law. Alignment of business interest and routine and periodic business performance review. Agreement on a common code of ethics. Closer synergies to close out apparent gaps and better understanding of processes JV employees should work under the same organization Employee motivation

restructuring of NNPC and IOCs as one team, and employee's motivation among others, since each partner of the JV organization exists differently but they all must relate and work together in the interest of the JV.

#### 4.1.9. JV Project Performances

The collation of responses on the past JV project performances within the last 5 years in the Nigerian oil industry is shown in **Table 9**. 59.1% of the respondents believe that JV projects executed within the last 5yrs can be assessed as fair or average in terms of delivery on schedule and within budget with the comment that there is room for improvement on project delivery. It can be concluded that project performance is fair from the responses. Details of fairness cannot be ascertained because most projects are completed behind schedule and above budget. According to one respondent, "Average some delayed more than necessary and completed above budget" and another said, "completed above initial estimated cost and schedule". However, 25% believe that the delivery period of the projects is too long and that there is a cost overrun. About 9.1% feel that JV project execution is very poor while 6.8% believe that the project's delivery can be rated as good and of benefit to Nigeria in general. This shows that the existing working culture is responsible for poor project delivery.

#### 4.1.10. Improving JV Project Life Cycle

The collation of respondents' opinions on how the project life cycle can be improved is shown in **Table 10**. The process used for collation is to group respondents' answers in similarity in meaning to the questions how JV project life cycle can be improved for a better return on investment to JV partners in the Nigerian oil industry.

25.6% of the respondents believe that the JV project life cycle is usually too long due to the time taken for decision making, approval process and bureaucratic bottleneck. If eliminated, will reduce the time taken for delivery of JV projects. Some of the common responses to this question are "Restructure the JV governance structure" or "Improved decision/approval process. Removal of the bureaucratic bottleneck and multiple control points". It can be concluded that the status quo is not effective and that an improvement of the project life cycle is

**Table 9.** Summary of response to the questions "What is your assessment of JV projects executed within the last 5 years in the Nigerian oil Industry?".

#### % Distribution Collated Responses comments with similarity in interpretation

25.0%	Overpriced, delayed more than necessary and completed above budget. Contract award cycle too long in most cases led to contract variation post award.
9.1%	Bad executed
59.1%	Fair or Average, room for improvement
6.8%	Very good, some are having beneficial impact in the society Some are having beneficial impact in the society

required. 25.6% believe that improvement in project management style is required. There is for a business-minded approach by all the JV partners in terms of project controls, stake holder's engagement and planning. 16.3% talks about JV governance restructuring and the need to delegate more powers to the IOCs who are the operators of the JV business while others believe that adequate funding, patronage of competent contractors, adequate planning by IOCs and early engagement of NNPC can greatly improve the performance of JV projects.

#### 4.1.11. JV Controls and Financial Authority Levels

The collation of responses on the existing JV controls and financial authority given to the IOCs, and the contract approval process is shown in **Table 11**. 65.1% of the respondents believe that the existing financial authority is not appropriate and not realistic for effective project delivery. The common responses given by the respondents to this question are simply "Not adequate" or "not ok". The level of financial referrals to NNPC by the JV operator is counterproductive.

**Table 10.** Summary of response to the questions "how JV project life cycle can be improved for better return on investment to JV partners in Nigerian oil industry"?.

% Distribution Collated Responses comments with similarity in interpretation	
16.3%	Develop long term strategic plans and stick with them Restructure the JV governance structure for teamwork between IOC and NAPIMS staff Given more financial authority to the operators incorporate the JV Promulgate proper legislation to incorporate JV
25.6%	Improved decision/approval process. Removal of bureaucratic bottleneck and multiple control points to ensure timely project approval and contract ward
25.6%	Better project management procedure and strict compliance., adequate stake holder's engagement Adequate funding and timely project approval More involvement of the host community participation to stop community work stoppage
7.0%	improvement in funding more involvement of the host community participation to stop community work stoppages involvement of host community in profit sharing to reduce rate of asset sabotage

**Table 11.** Summary of Individual respondents' opinion on JV projects financial authority and Contract approvals processes between NNPC and JV operators.

% Distribution Collated Responses comments with similarity in interpretation	
65.1%	Not appropriate, financial authority needs to be increased to enable project executive respond faster to project dynamics. Project executive should be empowered to approve contract changes as required to improve value delivery without recourse to NNPC. Contractors' payments are delayed which is counter productive
25.6%	Good and fit for purpose



25.6%, however, are of the opinion that the structure of the financial authority is ok and fit for purpose.

#### 4.1.12. Alternate Funding

The collation of responses on implementation of alternate funding and the percentage distribution of survey participants is shown in **Table 12**. 90% of the respondents believe that funding is a major issue to JV project delivery and that alternative funding arrangement will greatly improve JV project delivery. Others believe that the impact of alternative funding is little but what is required to be done is more in the areas of governance and organization.

### 5. Analysis of Survey Results

The survey results as discussed in **Tables 1-12** can be interpreted as follows:

#### 5.1. JV Partners Relationship

From the results of the survey, the relationship that exists between the IOCs and NNPC does not in any way promote a good working culture. In **Table 5**, 50% of the data collected suggest that this has resulted in an atmosphere of veiled and mutual distrust which is not productive. Information flow is not optimum between the JV partners and the hide and seek games between the partners have resulted to project delays. NNPC claims that IOCs are not transparent, and IOCs feel that NNPC practising a master-slave' relationship which is repulsive to IOCs. This has led to each JV partner working individually and blaming each other for non-culture performance. This is one of the factors causing the poor working relationship between the IOCs and NNPC.

In addition, there is also a conflict of cultural style: In **Table 5**, 36.4% of the respondents believe that the IOC style is liberal to rules and show respect to NNPC as a senior partner while the NNPC style is a regimented command and control that is also linked to personality. Each IOCs relates to NNPC in different ways and the staff of the IOC and the NNPC staff do not see themselves in pursuit of the same interest. This is the reason for the poor relationship between the JV partners.

**Table 12.** Summary of Individual respondents' opinion on the question "will alternative funding recently agreed with the IOCs result to an effective and efficient JV project execution in the Nigerian Oil Industry"?.

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#### % Distribution Collated Responses comments with similarity in interpretation

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4.5%	No, it is like sticking plaster on a fracture Not enough more has to be done in the areas of governance and organization
90.9%	Yes, that is best way forward, but integrity comes to play because Banks are not comfortable as government is not directly involved but it needs to be closely monitored to avoid unnecessary contract variations
4.5%	maybe to some extent

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**Table 8**, however, suggests ways this relationship can be improved. 40.9% suggests that by incorporating the JV into a distinct entity, both management and governance structure can be streamlined, the staff can then see themselves having the same goals and objective and learn to work together to achieve JV objective. Over 30% are also of the opinion that communication and training of the staff bottom-up will go a long way in improving the JV partners working relationship.

The government of many oil-producing countries enter Joint Ventures with the International Oil companies (IOCs) most especially in developing countries for the exploration and production of their oil and gas. According to **Delma, (1999)**, government of these developing countries sees joint ventures as a way of attracting capital, technology, and managerial skills that IOC brings to the projects into their country. These individual motives seem not to be easily realizable under the existing framework; this is the problem with the JV in the Nigerian oil Industry.

## 5.2. Management and Leadership Style

It is clear from the results of the research that structured management and leadership do not exist. The leadership style is collaborative without a clear direction because on many occasions partners' priorities and goals do not align. Leadership is characterized by changes because of frequent changes in political appointees by the National oil company (NNPC). Decisions and approvals are delayed because of non-availability and insensitivity of NNPC management. The existing JOA placed much authority on the NNPC but unfortunately, NNPC does not place a high priority on funding JV projects. In many cases, issues are delegated upward and resolution in most cases will depend on personality rather than rules.

Each JV partners have a separate management style which is different from one another. The IOC management style is influenced by the western culture where a subordinate can speak freely to the manager whereas in the local culture a subordinate cannot be seen opposing the manager's view in line with post-colonial theory (**Said, 1978**). **Table 4**; 36.4% believe that by incorporating the JV will provide an avenue to have a single management and leadership team that will focus on JV goals and objectives. According to the Resource-Base theory by **Das and Teng (2000)**, companies enter into a voluntary agreement to form alliances and share resources such as capital, information, knowledge, and technology to achieve a common goal. Management and Leadership style required to deliver this concept is what is needed for the improvement of the working culture and partners' relationship in the JV Nigeria oil industry.

## 5.3. Organization

There is no effective and efficient organizational structure in place to manage the JV operations as individual partners exist as an entity (**Table 3**). Management is

by controls and using various committees at different management levels to resolve a conflict. There is no accountable organizational structure in place which leads to reasons for inefficiency. The organization structure that exists is for individual JV partner companies not for the JV as it is not designed to support the interest of the JV but the individual goals and objectives of each member company. This is the reason why decisions are mostly treated as post-event. According to Bamford et al. (2004), an effective organization is such that attention is paid to communication which can be greatly enhanced by having the major JV partners collocated. The working relationship between the JV partners staff should be collaborative and not susceptible. The existing arrangement, however, is in line with the JOA. Because the empowered senior partner in the JOA is not able to provide the JV funding share, the intended organizational style by the JOA is not effective. Because of political interest, required technology and legal implications changes in the JOA terms has been challenging. The federal government of Nigeria, however, is taking a bold step to legislate laws that will provide a better framework for the Nigerian oil industry. The first part of this bill was passed into law in 2017.

#### 5.4. Governance Structure

The JOA which is the governance structure in place for the JV is not adequate. The existing JOA is more than 35yrs old and does not represent the realities of today. The IOCs that are the JV operators are not empowered financially in the JOA. NNPC determines the pace of development in the Nigerian oil industry. Unfortunately, they don't have the financial capability that the IOCs do. **Table 7**; shows that 88.6% of the respondents believe that there are gaps in the existing JOA that could have provided an effective governance structure. In **Table 11**; over 65.1% of the respondent augured that the financial authority existing between IOCs and NNPC is not adequate as the IOCs are making too much referrer to NNPC thereby wasting much time in decision making or obtaining approval to execute phases of JV projects which is canter productive. Project cost of up to \$500 k can be executed by the operator and reports are made to JV partners for the cash call. For Projects of value higher than \$500k approval must be obtained in advance before expenditure is made on such projects otherwise NNPC will not honour the cash call. This is needed to be reviewed and more authority is given to the IOCs. Governance by levels of the various committee (DEVCOM, TECOM, UPCOM, and THROW-UP) has shown to be inefficient after being run as jamborees where time and wasted little progress on decision making and, in most cases, issues are delegated upwards. At committee levels, the resource-based theory has shown that JV partners will always promote individual interest (Das & Teng, 2000) which normally results in unresolved issues that are delegated upward to chief executives of JV partner companies who in most cases resolve the impulse based on commitment to the JV.

## 5.5. Conclusion

The analysis of the data collected in this research work established the fact that the existing working culture and relationship between the JV partners in the Nigerian Oil Industry is not sustainable and cannot deliver individual interest to the Joint Venture agreement. From the analysis of the key performance indicators, the research can draw conclusions that to improve the working culture, the employees of the IOCs and the JV partners NNPC, need to work together as a team to deliver what is the JV goals and objectives which will eventually result in a high return on investment to the JV partners. This will involve changing the existing JOA, incorporating the JV, having a dedicated JV organization and management, developing of a new working culture for the JV employees through well-established communication, training, and motivation. As stated in **Figure 2**, the theoretical framework; the research has resulted in obtaining an improved JV management and working culture if the findings of the research are implemented.

## 6. Research Contribution and Limitations

The research article analysis the root cause of the inefficiency experienced in the Nigerian oil industry, which is responsible for JV project delays, recent divestment by the IOCs, frequent community related work stoppages at project sites, environmental pollutions, and the un-restfulness in the Niger Delta area. The research work is intended to inform the need for cultural change in JV operations in Nigeria oil and gas industry by providing information on the existing JV working culture, partners relationship under the joint operating agreement (JOA) vis a vis best global practices and to make recommendations to the Nigerian populace especially the legislators in the states and national parliaments following the new petroleum industrial bill (PIB) that has just been signed into law. This article will provide information for the required restructuring and define effective and efficient relationship and working cultures for the JV partners in the new JOA under review.

The first limitation of the research is the low number of responses to the questionnaire 46 out of the 100-target population and secondly the methodology used in the collation of survey responses which is based on systematic random sampling of targeted participants and collation of responses by grouping similar responses and finding percentage distribution of same or similar answers in meaning relative to the total respondents and then drawing conclusions. This qualitative method used can also be subjected to error when grouping responses into bands. However, the margin of error of misinterpretation of survey responses is very low and negligible in this case.

There are many initiatives presently ongoing to address the inefficiency and slow investment by multinationals in the oil industry in Nigeria. Apart from the gaps in the existing JOA, there are also impacts of other considerations like the OPEC quota, frequent pipeline sabotage in the Niger Delta area, government

policy regarding exchange rates and general insecurity in the country. These factors have a direct and indirect impact on the JV partners' behaviours, working culture, and relationship. This research however did not consider these factors because they are not direct issues connected to JV agreements and daily operations. Consideration of these factors may require another research approach which may result in a different outcome.

The population targeted in the survey is e in the busy-class category and a qualitative questionnaire is not usually a "YES" or "NO" answer; it requires expression of opinion which usually takes more time to answer. However, responses provided are "brief statements" in many cases, the meaning and interpretation by grouping are based on the researcher's assumption. If the author must do this again, the questionnaire will be designed in such a way that a LIKERT scale will be used to encourage the participant to respond quickly to the survey. The author observed that the time taken to respond to the survey questionnaire is about 15 minutes, and this is one of the factors responsible for the low response. With a higher number of respondents, more views and reasons for the poor working culture and relationship between the JV partners in the Nigeria Oil Industry may emerge.

## **7. Conclusions and Recommendations**

From the result obtained from the survey population, the existing working culture between the JV partners is not only ineffective but has a negative impact on achieving the JV goals and objectives. What is correctly happening is an individual pursuit whereby IOCs are only maintaining the status quo in operational activities while carefully avoiding further capital investment in major projects. Even though alternative funding is in place, for political reasons however IOCs are cautious on further investment. From the table of responses, it can also be seen that the IOCs behaviour is not transparent, the JV working culture between IOC and NNPC is that of a master-servant, self-focused and full of deception instead of teamwork focusing on the JV goals and objectives.

To examine answers to the following questions namely:

1) What could be responsible for the current ineffective working relationship between the JV partners in the Nigerian oil industry?

From the analysis of the survey data, the existing loose management and organizational structure whereby each partner company maintains their management and leadership style is responsible for the current ineffective working relationship between the JV partners in the Nigerian Oil Industry. The existing controls are obsolete and inappropriate and have become a bottleneck for project execution. NNPC employees working culture is the traditional government bureaucratic method which contrasts with a business-like approach used by the IOCs.

2) To what extent are the JV stakeholders dissatisfied with each other?

Data collected shows that the working culture between the IOCs and NNPC

shows that IOCs are now looking for an exit option from the JV. In the last 5 years, JV operators must carry out divestment of some of their oil plots which have resulted in a loss of jobs. IOCs are irritated by lack of JV funding by NNPC. JV project execution is delayed for lack of funding, community disturbances, insecurity and IOCs are faced with reputational issues, environmental and agitations agitation because of funding problems. The JOA has not provided adequate provision to address host community development. According to Post-colonial theory, typical non-Western culture and institutions have been shown to being inferior its Western counterparts (Said, 1978; Easterby-Smith, 2012). This also affects the behaviour of some IOCs working on JV projects in Nigeria. Communication and training are required to correct such a school of thought by IOC employees.

3) How does the current working culture impact on projects and JV earnings?

The current working culture between the IOCs and NNPC has negatively affected JV projects' execution. An example is the Bonga Northwest project expected to deliver over 500 bbls per day which has been recycled to a Final Investment Decision three times within the past six years because of lack of funding by NAPIMS. Sometimes because of no agreement between the IOC and NNPC employees on a project, approval to progress the project could be delayed for months. Because of the current working culture, IOCs estimated major project approval time lime is about 12 months and, in most cases, it's usually more.

4) What can be done to improve JV working culture and project delivery?

This question is the core of the research. To improve the JV working culture, a single JV management structure is required. There is a need to incorporate the JV, this will provide a framework for single management and organizational structure, and protection of the industry from political influence. Identifying gaps in the JOA and closing them and inclusion of host communities as business owners. **Table 13** shows the summary of the research questions, the findings, and corresponding recommendations.

The original aim of this research is to use the Nigerian oil sector as a typical example of analysing or investigating the relationship in JVs in the oil and gas sector that suffer greatly from working culture and political influence. From the collation of responses results obtained from the survey participants, it is obvious that working culture and political influences have a great impact on JV performance. The main reasons for this are because JV partners' change in the level of commitment after a long period of JV agreement, differences in culture, government policy (mostly in Africa) and host community disturbances that are fast becoming a game-changer in Nigeria's oil sector. The recommendations from this research are that Joint Venture Agreement needs to be reviewed, renegotiated and existing gaps closed. This may require the legislation of new laws; the ongoing Petroleum Industry Bill currently being reviewed by the Nigerian National Assembly is a golden opportunity that should be taken by all the stakeholders in the Nigerian Oil industry to create a conducive environment for an

**Table 13.** Research summary.

Research Questions	Theory/Literature	Findings	Recommendations
1. What could be responsible for the current ineffective working relationship between the JV partners in the Nigerian oil industry?	<p>a. Commitment-Trust theory. (Mark, n.d.)</p> <p>b. According to Bamford et al. (2004) an effective organization is such that attention is paid to communication which can be greatly enhanced by having the major JV partners collocated</p>	<p>a. A loose management structure whereby each partner company maintain their management and leadership style.</p> <p>b. The controls become a bottleneck for Project execution.</p> <p>c. There is absence of an effective JV structure.</p> <p>d. All the JV employees are not equally motivated</p>	<p>a. Incorporated the JV as a legal entity having its own organization and dedicated management, workforce.</p> <p>b. Well-established communication, training and motivation for the JV employees</p>
2. To what extent are the JV stakeholders dissatisfied with each other?	<p>a. Resource-Based Theory of Strategic Alliance</p> <p>b. According to Delma (1999) government of these developing countries sees joint ventures as a way of attracting capital, technology, and managerial skills that IOC brings to the projects into their country. These individual motives seem not to be easily realizable under the existing framework; this is the problem with the JV in the Nigeria oil Industry.</p> <p>c. post-colonial theory</p>	<p>a. IOCs now looking for an exist option.</p> <p>b. Delays in major project execution</p> <p>c. JV operators are just managing existing operations, no additional projects.</p> <p>d. Training</p>	<p>a. Identifying gaps in the JOA and closing them.</p> <p>b. Incorporated the JV as a legal entity.</p> <p>c. Increase financial authority to JV operators (IOCs)</p>
3. How does the current working culture impacts on projects and JV earnings	<p>a. An organizational working culture can be said to be the, thought processes, attitude of the employees, their ideologies and the organizational principles of doing things. Working culture decides the way the employees relate to one another. (ManagementStudyGuide, n.d.)</p>	<p>a. Negatively as projects are delayed.</p> <p>b. Not able to take advantages of the oil price</p>	<p>a. Incorporated the JV as a legal entity having its own organization and dedicated management, workforce.</p> <p>b. Well-established communication, training and motivation for the JV employees</p>
4. What can be done to improve JV working culture and project delivery?	<p>a. According to Zenhua et al. (2017) JV performance in the Oil &amp; Gas Industry is generally below an expected record, projects executed as JV are characterized with a cost overrun that varies across regions</p>	<p>a. A loose management structure whereby each partner company maintain their management and leadership style.</p> <p>b. The controls become a bottleneck for Project execution.</p> <p>c. There is absence of an effective JV structure</p>	<p>a. A need for a clear legislation by the government,</p> <p>b. Identifying gaps in the JOA and closing them.</p> <p>c. Inclusion of host communities as business owners.</p> <p>d. Corruption eradication</p>



effective and efficient Joint Venture in the Nigeria Oil industry.

Also, the JV must be incorporated as a legal entity having its own organization and dedicated management, workforce, a positive working culture focused on achieving the JV goals and objectives that can be developed in the Nigerian oil Industry. Adequate funding by all the JV partners in line with the provision of the JOA is very important and an alternative option should be contained in the JOA. In conclusion, changing the existing JOA; incorporating the JV, having a dedicated JV organization and management, development of a new working culture for the JV are required for effective and efficient delivery of JV projects in the Nigerian oil industry.

### **Recommendations**

Based on the JV key performance indicators exploited in designing the survey questionnaire for this research work namely: Joint Operating Agreement, Management Leadership style, Organizational, Governance structure, and Employee Relationship, the following recommendations will improve the working culture and the relationship between the IOCs and NNPC.

#### **Joint Operating Agreement**

The Joint Operating Agreement entered by the JV partners in the Nigerian oil Industry was signed over 35 yrs ago. The industry has since undergone a lot of changes ranging from technological transfer, transition from military rule to a more stable democratic government, community awareness, and corresponding need for community social responsibility for business sustainability. Apparently, this JOA is not only absolute but cannot sustain Joint venture requirement for the 20<sup>th</sup> century in the Nigerian oil industry.

The issue of funding is needed to be addressed in the JOA. The fiscal regimes as it is in the JOA do not provide an avenue for funding for JV projects, this must change. At present many projects are delayed because of funding issues simply because the government cannot meet up with its financial obligations under the JOA. It is recommended that the JV should be incorporated as an entity and the shares sold to companies that can provide required the funding for the Nigerian oil development program while taxes and royalties are paid to Nigerian government. Incorporating the JV will not only resolve the funding problem but will also provide a framework to resolving the cultural differences as cultural issues will be addressed as a corporate working procedure with the organization to promote teamwork towards the same organizational goal and objectives.

#### **Management and Leadership Style**

A loose management structure whereby each partner company maintains their management and leadership style will not deliver JV goals and objective but the personal interest of each partner company. The result of the survey is spread because the respondent's answers are influenced by where they are working. Therefore, it is important to incorporate the JV as a legal entity. All the staff working



in the JV even from partners companies should be seconded to the JV organization throughout working on the JV project. The JV company will have its chief executive and other functional managers and develop its own working culture. In this way, all employees in the JV organization will share the same approaches and targets to deliver the JV goal and objective.

Adequate training and induction will have to be given to employees deployed to work in the JV organization with an incentive in place to reward performance.

This will also eliminate the political impact and the appointment of politicians occupying sensitive positions in the Nigerian oil industry.

### **Organizational Structure**

Each function of the JV operations can be carried out simultaneously without delay. The situation whereby time is wasted in engagement between the IOCs and NNPC will be used in doing more productive works.

One of the indirect reasons for antagonistic relations to the JV operations by local employees and host communities is the low level of corporate social responsibility (CSR) which has become unsustainable. By having a single point of responsibility, the organization can easily pursue a sustainable CSR.

According to George (2018), “An efficient company structure can benefit the organization in several ways, including making it easier to delegate responsibility and effect change throughout the organization”. In NNPC delegation downward is always not effective. A subordinate in an acting capacity will be afraid to take a decision in the absence of his superior in a government setting. This is not the case with the IOC companies. Having a structured organization will facilitate quick decision making and when changes are required either of procedures or of a project, within the organization, this becomes easier to handle.

### **Governance Structure**

In a JV operation, it is important to have effective but efficient control in place. In a situation where control becomes a bottleneck to the execution of JV project like it is with getting NNPC approval in the Nigerian Oil industry becomes counterproductive.

Having an incorporated JV and a governance procedure covering the JV operations including financial authority levels will be very effective.

“Manual of authority” will be put in place within the organization and approvals can be obtained within the organization. This will promote transparency and using one management meeting decisions can be taken on a project.

According to “A Guide to the Project Management Body of Knowledge” (PMBOKGuide, 2013)—Fifth Edition (Project Management Institute, 2013, p. 34). The benefit of a governance structure will include: 1) the provision of governance framework; 2) roles and responsibilities; and 3) stakeholder engagement; 4) communication; 5) meetings; 6) reporting; 7) risk and issue management; 8) assurance; and 9) project management control processes among others. All these will be effectively addressed when a governance structure is in place in

an incorporated JV environment.

### **Employees Relationship**

There is no alternative to having a well-motivated and competent workforce. The existing working environment has greatly contributed to the behaviour and poor performance of the workers. The result suggestions range from incorporating the JV, training employee's welfare, motivation, the deployment of NNPC staff to IOCs offices, restructuring of NNPC and IOCs as one team, and employee's motivation among others. Incorporated JV will provide a framework for one salary structure for JV workers. Even though some job positions may be for transferee from JV partners organization, such employees will be under the JV rules of engagement for the period of time working in the JV organization.

Training top-down the JV partners organization is key, and rewards should also be tied to performance. Within the organization, functional teams should be encouraged to compete and to celebrate key success milestones.

In the Oil Industry, the consideration of the host community in decision making is key from the resulting outcome of this research, the inclusion of the host community in the JV structure will go a long way to ensure unstopped productivity. The community may not have a financial contribution to the JV, however if they are considered as part of the business. It will be a good motivation to stop community related work stoppages and pipeline sabotage which is presently affecting JV operations.

### **8. Further Opportunities**

The Nigerian government has recently passed into law the Petroleum Industrial Bill (PIB). This bill will impact the way the Oil Sector in Nigeria will be organized in general and maybe the JOA. There is a need to further investigate the impact of the new PIB on improving the Nigerian Oil Industry.

The theoretical framework of an effective JV management used to underpin this research theoretically has shown that reviewing JV management can result in improvement in the JV performance. Such review is an ongoing process, and it is recommended that further review is carried out even after the implementation of the recommendations in these research works over a period. Research for an efficient JV structure will continue to be an ongoing study because of the differences that can exist in the JV formation process from numbers of partners to formation strategy and implementation of the JV Agreement. An evaluation of the Petroleum Industry Bill (PIB) impact on the Nigerian Oil Industry is recommended for further study. After the PIB has been legislated into law, it will be worthwhile to investigate the actual impact on the working culture and relationship of the JV partners in the Nigerian oil Industry.

### **Conflicts of Interest**

The author declares no conflicts of interest regarding the publication of this paper.

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