An Exposition of Corporate Governance Practices of Multinational Upstream Oil Companies in Nigeria

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Abstract

The practice of corporate governance (CG) in the business context refers to the systems of rules, practices, and processes through which companies are governed. However, this study investigated the corporate governance practices of multinational upstream oil companies (MUOCs) operating in Nigeria. The study adopted a qualitative research method in which primary data were obtained from top echelons of the companies through direct interviews with the concerned persons, using structured interviews and questionnaire were used to gather information from the respondents and the data obtained were analysed using the thematic qualitative analysis method. Findings reveal that all the companies derived their existence from the legal frameworks put in place, it also revealed that effective corporate governance practices such as board member's efficiency, independence, integrity, transparency, oversights, and proper application and compliance with company-wide ethical standard practices, risk management framework, legal processes and procedures as well as the presence of loyal, dedicated, and trusted managers contribute immensely to long-term company performance. The study concluded that it is crystal clear that without a good and efficient corporate governance system within an organization, no organization can succeed.

Keywords: Corporate Governance, Board structure, Ethical dimensions, Risk management, Legal framework.

1. Introduction

It has been identified by some scholars that corporate governance (CG) is the mechanism put in place internally within an organization to guide its actions and monitor corporate performance (Nordberg, 2011). Bajpai (2017) have described corporate governance as the orderly management of a business enterprise. It is the philosophy that a company practices in its dealings with its shareholders, lenders, employees, and other stakeholders as well as the society at large because it is also a measure of the company's integrity, efficiency, and long-term growth prospects. The main tools of corporate governance in any organization are a good board structure, good ethical practices, efficient risk management system as well as sound legal framework to help institutional compliance with regulatory requirements. Where these management tools are not properly entrenched within the organization, corporate governance issues such as lack of transparency, poor information disclosures, board inefficiency and integrity issues, conflict of interest, insider dealings, executive self-compensation, corruption and embezzlement, poor risk management and general malfeasances often sets in, sometimes creating intractable problems for the organization and could lead, in most cases, to organizational bankruptcy. MUOCs are not only able to provide financial returns to their shareholders and the country at large but have also internalised good management practices (Uwakonye, Osho and Anucha, 2006; Ekpulu et al., 2015; Madugba et al., 2016; Nwonu et al., 2019).

The oil industry contributes to Nigerian economic growth through the attraction of foreign direct investment (FDI). The economic benefits of FDI such as increased employment, technological transfers and healthy business competition cannot be over-emphasized (National Bureau of Statistics, 2019). However, Ite (2004) has observed that the lack of national macro-economic planning and management, backed by equitable resource allocation, and an enabling environment, has significant implications for the overall performance initiatives of MUOCs. It has also been observed that despite the enormous contributions of MUOCs to national economic growth agenda, their indigenous counterpart is lagging in terms of contributions to national growth. Thus, Ite (2004) have asserted that if the macro-economy is underperforming due to government failure, there is a likelihood that the contributions of MUOCs to social and economic issues could fail to achieve the desired outcome. Furthermore, the import of corporate governance practices of MUOCs operating in Nigeria also seem to have been lost on public policy formulators, thus requiring further research investigations.

2. Literature Review

2.1 Corporate Governance

The concept of corporate governance has the mechanisms put in place internally within an organization to guide their actions and monitor corporate performance with focus on the roles of board of directors of companies (Nordberg, 2011). However, corporate governance in the business context refers to the systems of rules, practices, and processes through which companies are governed. In this way, the CG model adopted by a specific company is the distribution of rights and responsibilities by all participants in the organization (OECD, 2004; Youmatter, 2020). The corporate governance system within MUOCs operating in Nigeria consist of layers of hierarchy and participants such as the shareholders, board of directors, executive/management committees and other stakeholders' group. The Harvard Law School Forum on corporate governance (2016) averred that top in the hierarchy of the organizational structure is the shareholders who are the real owners of the company. They are variously called investors, venture capitalists or financiers etc because they provide the fund or capital with which the organisation is run by buying its stock and receiving economic benefits in return in form of dividends. They are not involved in the day to day running and management the organization.

The board members are appointed by the shareholders during annual general meetings, AGMs of the organization to represent the shareholders who appointed them. Renu and Ravi (2013) describe corporate governance in this business environment as relating to how the board is constituted, and how it performs its roles. He noted that this comprises issues of board composition and structure, the board's remit and how its carried out and the framework of the board's accountability to its stakeholders. It also concerns the board's power to delegate authority to manage the business throughout the organisation. According to OECD (2004) the corporate governance structure specifies the sharing of rights and responsibilities among various organizational actors such as the board, managers, shareholders, and other stakeholders and stipulates the rules and procedures for making decisions on corporate affairs. It ensures that everyone in the organization follows appropriate and transparent decision-making processes and that the interests of all stakeholders (shareholders, managers, employees, suppliers, customers, among others) are protected.

The board manages the process of corporate governance in the organization. It is the group that is responsible for providing leadership, direction, and oversight functions for the company. The Harvard Law School Forum on corporate governance (2016) identified the board's key oversight functions as including, setting up relationship with the outside auditor and managing executive compensation, selecting the CEO, setting the tone at the top by providing direction, approving corporate strategy and monitoring the implementation of strategic plans, setting the company's risk appetite, reviewing and understanding the major risks, and overseeing the risk management processes, focusing on the integrity and clarity of the company's financial reporting and other disclosures about corporate performance, allocating capital and other resources, reviewing, understanding and overseeing annual operating plans and budgets, reviewing the company's plans for business resiliency, nominating directors and committee members, and overseeing effective corporate governance, as well as overseeing the corporate compliance program of the company and performing social responsibility functions. Senior and top-level employees of the company who are appointed by the BoDs under the leadership of the CEO constitute the executive/management committees. They are responsible for the day-to-day business operations of the organisation and their activities cover all the functional business areas of the organisation.

Corporate governance defines the legal, ethical, and moral values of a company to safeguard the interests of its stakeholders (O'Donovan, 2003). For the company to continue uninterrupted business operations, it must operate within legal frameworks prescribed by laws and enforced by regulatory bodies, for the full protection of all its stakeholders. Multinational companies face a plethora of legislations – local and international which they are statutorily compelled to comply with in the conduct of their business operations, failing which appropriate sanctions could be taken against a defaulting company. These global initiatives provide a rich context for understanding new expectations of the principles of accountability, disclosure, and transparency for domestic corporate boards in the global arena. At the same time, these reforms imply that board leadership is clearly under greater scrutiny about a manager's interpretation and implementation of foreign policies or programs at the organisational level hence the need for greater accountability and disclosure.

The ethical dimensions within the MUOCs are usually codified as a code of conduct and ethics. However, the ethical challenges associated with cross-cultural management are extremely complex (Logsdon and Wood, 2002). Hellriegel, Slocum and Woodman (1992) have noted that ethics refers to a set of rules that define right and wrong conduct and that help individuals distinguish between fact and belief, decide how such issues are defined and what moral principles apply to the situation. Olawoyin (2014) describes ethical principles as universal standards of right and wrong which prescribe the kind of behaviour that an ethical company or person should or should not engage in. These principles provide a guide to making decisions and they also establish criteria by which decisions are judged by others. Business ethics is therefore the application of moral or ethical norms to business (Renu & Ravi, 2013). Thus, ethical issues are usually debated in relation to corporate governance as it affects environmental degradation and global warming, corporate social responsibility, and corporate consciousness (Nakano, 2007; Kleine & Von Hauff, 2009).

Under the corporate governance requirements, a company is expected to engage with its internal and external stakeholders on what their ethical expectations are of that organisation, and account for its ethical performance and duly report it to relevant stakeholders (Rossouw, 2010). It places specific moral obligations on the board of directors to ensure that the company acts on high ethical standards so that the reputation of the company will be protected as well as respecting the rights of the shareholders (Rossouw, 2005). It also ensures that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. The level of accountability, transparency, fairness, and disclosure are the four "pillars" of corporate governance which aim to mitigate risks (Bhasin, 2013). It establishes the structure and plans through which the goals of the company are set and the ways for achieving the goals are laid out for implementation. Furthermore, it offers structure to monitor the organization's performance.

Olawoyin (2014) stated that the corporate governance framework seeks to encourage the efficient use of resources and therefore requires accountability for the stewardship of those resources by those to whom they are assigned to manage. A firm's various corporate governance practices determine its behaviour and eventually affect its stock market and accounting performance (Chow, 2005). Accountability and disclosure in reporting company financial activities is therefore paramount and a defining principle of MNCs. This is because multinational companies are statutorily compelled to comply with multi-faceted national and international regulations and requirements under which business is conducted, failing which appropriate sanctions could be taken against a defaulting company.

Corporate governance control mechanisms seek to ensure the balance of power within the organization and that the interest and rights of all parties are protected and respected. Such internal control mechanisms include overseeing the activities of the board of directors and the auditing committee and ensuring the integrity of the financial reporting. Thus, management controls include the broad activities of management which are related to controls and actions that convey importance throughout the organisation (Cohen and Hanno, 2000). The main objective of management control system (MCS) is to direct and influence employee behaviour toward the attainment of organisational objectives. Executive remuneration aligns the interests of managers and shareholders to reduce conflict of interest between the two parties and minimize business costs. Such compensatory rewards include, amongst others, performance bonuses, salary increases, juicy appointments and option-based compensations.

Organisational theory makes rewards implicit, whereas agency theory emphasizes the explicit nature of rewards to control employee behaviour (Eisenhardt, 1985). Therefore, agency theory and organisational theory are both complementary and relate to control strategies but with different approaches. Indeed, it constitutes not only a control strategy but also a CoI resolution mechanism and risk mitigation measures. The idea of corporate governance within the context of MUOCs operating in Nigeria is centered around the organization being managed by the BODs and a set of management committees who, presumably, represent the interest of the shareholders. Due largely to management issues that have arisen over time, corporate governance has suffered severe criticisms from various scholars and writers. Becht et al., (2003) have argued that corporate governance suffers severe problems which arises whenever an outside investor wishes to exercise control differently from the manager in charge of the firm. La Porta et al., (2000) identified the risk of outside investors being expropriated by insiders as a major corporate governance setback. Berglof and Thadden (1999) pointed out that the main corporate governance challenge is the conflict between self-interested management and weak, often dispersed shareholders.

2.2 Theoretical Review

A critical underlying factor in corporate governance is the agency theory which focuses on the principal - agent relationship (Ross, 1973; Mitnick, 1975; Jensen & Meckling, 1976), a situation whereby the principal (business owner) appoints an agent (manager) to act on his behalf. Thus, the basic assumption of agency theory is that an agency is said to arise whenever one-party delegates decision - making authority, or control over resources, to another party. The relationship between shareholders and senior managers is the classic example of agency relationship. Shareholders, who are the principals, provide the company with the risk capital. However, they delegate control over the capital to senior managers, particularly the CEO and the BODs, who as their agent, are expected to use that capital in a manner that is consistent with the best interest of the shareholders. In this context, agents are the managers whilst principals are the owners and the board of directors acts as the monitoring mechanism (Alchian & Demsetz, 1972; Eisenhardt, 1989; Donalson & Davis, 1991; Mallin, 2004; Bhandari, 2018).

The agency role of the directors enables the performance of the corporate governance function of the board of directors in serving the shareholders by ratifying the decisions made by the managers and monitoring the implementation process. This role has been further examined by a large body of scholarly literature (Fama & Jensen, 1983; Baysinger, 1985; Lorsch MacIver, 1989; Baysinger & Hoskisson, 1990; Gales & Kesner, 1994; Daily & Dalton, 1994; Bhagat & Black, 1998; Kiel & Nicholson, 2003; Wan et al., 2012; Ghulam et al., 2014) because according to agency theory perspective, the primary responsibility of the board of directors is towards the shareholders to ensure maximization of profit.

2.3 Empirical Review

Mohammed, Safa, and Ayad (2021) investigated the critical relationship between corporate governance and firm performance in Iraq. The main objectives of the study are to present an overview of corporate governance; examine the role of agency problems in the firm performance; examine the role of corporate governance mechanisms in the firm performance; identify the role of corporate boards in the firm performance; examine the role of corporate financial policy in the firm performance as well as making recommendations based on its findings using an analytical research methodology using secondary data source. Among other things, the study found that there is a positive relationship between corporate governance and firm performance. It noted that good corporate governance has a good impact on firm performance.

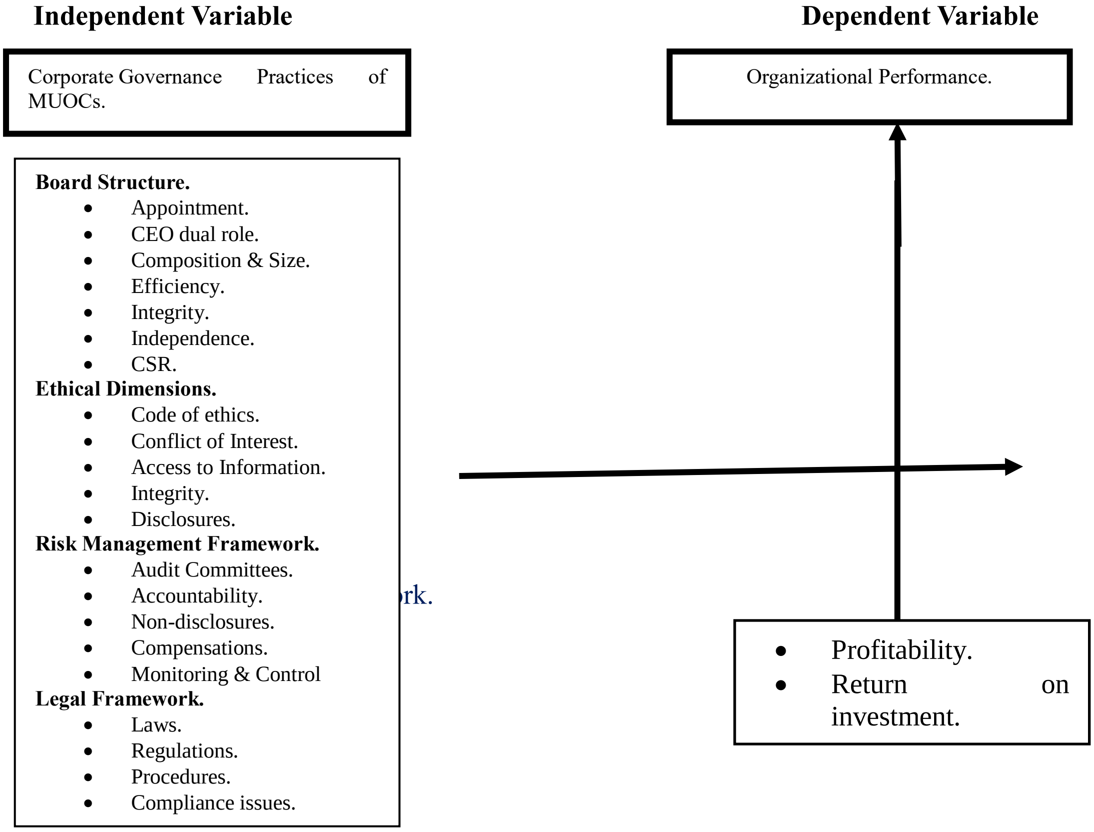
Salina and Priscilla (2021) investigated corporate governance practices and performance of Kenya Revenue Authority, Nairobi County and established the fact that the performance of Kenya Revenue Authority is significantly influenced by the corporate governance practices employed by the governance committee which also scrutinize all matters relating to corporate governance in the company. Babatunji, et al. (2020) examined the issue of Corporate Governance and the performance of medium-sized- firms in Nigeria: does sustainability initiative matters? The research aims to determine whether corporate governance practices influence firms' performance and whether sustainability initiative (SI) mediates the relationship between corporate governance and medium-size firms' (MSFs') performance in Nigeria. The findings show that CG has a significant positive effect on financial performance (FNP).

Olayiwola, et al. (2020) explored the subject of corporate governance and organizational performance using the First Bank of Nigeria PLc as a case study. The study has as its major objective the investigation of how selected corporate governance variables such as legal framework, Ethical dimensions, and risk management dimensions predict the organisational performance of First Bank of Nigeria Plc. Findings indicate clearly that corporate governance variables significantly predict organisational performance. Institutionalisation of a quality and effective CG gives a considerable level of assurance to owners of a reasonable return on their investments. The study thus empirically established the fact that a quality Corporate Governance enhances and improved performance.

2.4 Conceptual Framework

The conceptual framework of corporate governance study is depicted in figure 2.1. This is captured in two parts: corporate governance practices, and organizational performance outcomes. The CG practices constitute the independent variables whilst the organizational performance outcomes constitute the dependent variables. Resulting from corporate governance actions and policy issues are board structure, ethical dimensions, risk management framework and legal framework. Issues discussed about the BoDs are appointments, CEO duality of role, composition and size, integrity, independence, efficiency, and oversight functions while ethical issues include independent disclosures, information access, code of ethics and integrity. Risk management framework include risk mitigating measures such as internal audit, executive compensation and remunerations, conflict of interest resolution mechanisms and other internal control mechanisms while legal framework relate to compliance with extant regulatory laws and environmental management issues.

From the organizational performance perspective, the expected outcomes are profitability, return on investment, and employee satisfaction. The conceptual framework explores, from an organization viewpoint, the relationship between the corporate governance practices of MUOCs and the moderating effects of strategic management in attracting critical success factors that bring about the expected outcome in the organization’s performance matrix. Thus, the framework’s starting point is the corporate governance practices of MUOCs. CG activities are considered crucial to the short- term and long- term strategic growth plan of the organization. It is assumed that how fast and far an organization grow depends, to a large extent, on the quality and appropriateness of its corporate governance policies and practices which results in expected growth outcomes. Strategic management policy issues are outcomes of BoDs and management policy engagements that are implemented throughout the organization at all levels.



Adapted from Kaplan, (1995).
Figure 2.1: Conceptual Framework of Corporate Governance.

3. Methodology

Research Design

The study is qualitative research. Therefore, structured interviews with open ended questions were drawn up to investigate the corporate governance practices of MUOPs operating in Nigeria. A descriptive survey design method was adopted while data were collected through primary sources.

Study Area

The study focused mainly on the upstream sector of the oil and gas industry. These companies have their operations widely dispersed across three main areas in Nigeria namely: Port Harcourt (Niger Delta in the South-South), Lagos in the Southwest, and the Federal Capital Territory (FCT), Abuja. This is so because for administrative and management conveniences the MUOCs' offices are set up in Lagos, Southwest; operational offices in Port Harcourt, Niger Delta (South-South) whilst government liaison offices operate from the Federal Capital Territory (FCT) of Abuja.

Population of the Study

The population of the study consists of 25 MUOCs operating in Nigeria (CAC 2013; DPR 2017). These are upstream oil companies duly registered to prospect and explore oil and gas within the Nigeria geological basins out of which three were purposively chosen for the study because they were the largest, oldest and the leading in terms of oil production volume, revenue, staff size, and capital investment in Nigeria. In addition, 10 BoDs, Excom members and senior management staff were interviewed for the study.

Sample Size and Sampling Technique

Primary data were collected using a structured interview administered to top employees of the three purposive companies. These interviews were conducted among BoDs, Excom members and senior managers of the three companies. The purpose of using interviews was to elicit information that are necessary to assess how factors of corporate governance practices such as Board Structure, Ethics, Risk Management, Legal Compliance and Personnel Management constitute management issues that may affect the companies' performance.

Methods of data collection

The study adopted a qualitative method of data collection as the principal instrument for collection of primary data. A structured interview was conducted among the three purposive companies which were designated as companies A, B and C for the purposes of anonymity. The interview protocol was divided into sections A – B with the aim of addressing the research objectives. While section A captured the demography of participants, section B addressed all the research objectives frontally. In all, 10 top echelon employees of the three companies participated in the interviews. These include board members and top-level management employees of the companies. The audio interviews were transcribed into editable and reading formats using NVivo computer software. The transcribed manuscripts were memo'ed and coded according to initials, positions and company designated code, thus forming the basis of themes generation. The resulting findings are presented in tables 1-2 and analysed accordingly.

4. Data Analysis and Discussion of Findings

4.1 Characteristics of Respondents

Table 1: Characteristics of Respondents

Data Characteristics (Number of respondents =10)					
Categories of Employees Interviewed	Executive Directors	Executive General Managers (ExCom Members)	Senior Managers		
Frequency	4	2	4		
Sex	Male	Female			
Frequency	10	0			
Age	20 and below	20-29	30-39	40-49	50 and above
Frequency	0	0	0	2	8
Marital Status	Single	Married	Divorced	Separated	Widowed
Frequency	0	8	1	1	0
Literacy Level	WASSCE/GCE	NCE/OND	HND/B.Sc.	POSTGRADUATE	
Frequency	0	0	0	10	
Participation by Company	Company A	Company B	Company C		
Frequency	3	3	4		
Length of Service	1-5	6-10	11-15	16-20	21+
Frequency	0	1	0	2	7
Management Level	Board Members	ExCom Members	Senior Mgt. Employees		
Frequency	4	2	4		

Source: Authors' Computation (2024)

Table 1 summarizes the characteristics of the interviewees demographically, and experiences in their respective companies. As shown in the table, 4 Executive Directors EDs (representing 40%), 2 Executive General Managers EGMs (20%) and 4 Senior Managers SMGRs (40%) participated in the interviews. A great majority of the participants, 8 (80%) were above 50 years of age, 2 (20%) were above 40 years of age and all 10 (100%) were male. Of these, 8 (80%) were married, 1 (10%) divorced, and 1 (10%) separated. All had post graduate qualifications from various higher institutions at home and abroad. Of their length of service in the organization, 7 (70%) have served more than 21 years, 2 (20%) have served 16-20years whilst 1 (10%) served 9 years plus.

4.2 Information on Corporate Governance Practices

Table 2 shows the data for interview questions that was conducted amongst top level management staff of the three purposive companies. It consists of the independent and dependent variables enunciated in the conceptual framework (Fig. 2.1). It also shows respondents' responses to various corporate governance issues for which questions were sought.

Table 2: Information on Corporate Governance Practices

Board Structure.			
Size of board	**Large**	**medium**	**Small**
	9	1	0
Diversity of BoDs background	**Diversed**	**Not diversed**	**Neutral**
	10	0	**0**
Independence of BoDs	**Independent**	**Not Indepdt.**	**Neutral**
	10	0	0
CEO duality of functions	**Yes**	**No**	**Neutral**
	8	2	0
BoDs CSRS functions	**Yes**	**No**	**Neutral**
	10	0	**0**
BoDs oversight functions	**Yes**	**No**	**Neutral**
	10	0	**0**
BoDs integrity	**Yes**	**No**	**Neutral**
	9	1	0
Legal Frameworks.			
Item	**10**	**9**	**8**
Internal processes & procedures	0	9	1
Local environmental laws	7	**2**	1
International laws.	8	1	1
Legal frameworks enhance performance	0	**7**	2
Ethical Dimensions.			
Effectiveness of ethical standard practices	**Effective**	**Not Effective**	
Effects of ethical practices on performance	10	0	

Effects of ethical practices on success	10	0	
Risk Management.			
Effect of auditing on accountability & executive compensation	10	0	
Effect of management controls on risk mitigation	10	0	
Effect of MCs on long- term company performance	10	0	
Corporate Governance on Performance.	**Yes**	**No**	**Neutral**
Corporate governance has significant influence on performance	10	0	0
Return On Investment.			
Company has good returns on investment.	9	1	0
investment.	10	0	0
Profitability of Business.			
Organization runs a profitable business.	10	0	0
Good corporate governance results in profitability of business.	9	0	1
Employee Satisfaction.			
Are you satisfied working with your organization?	9	1	0
Will you accept a better job offer giving the opportunity?	3	7	0

Source: Authors' Computation (2024)

4.3 Discussion of Findings

The study of corporate governance practices among MUOCs operating in Nigeria reveals that without an efficient system of governance, no company can be successful. Among the key management structures necessary for performance and success of the organization is the existence of the board of directors. Findings reveals that the BoDs consist of people of high pedigree, diverse backgrounds, experiences and integrity who provide leadership, direction and vision as well as setting the risk appetite for the organizations. They constitute the management and auditing committees, ensures that transparency, accountability and financial disclosure practices are firmly entrenched within the organization whilst performing oversight and CSRS functions. At the minimum, 90% of respondents affirm this finding across the three purposive companies under study. Thus, this finding is in consonance with Renu and Ravi (2013), who describe corporate governance in the business environment as relating to how the board is constituted, how it performs its roles and of it comprising its composition and structure, the board's remits and accountability to its wider stakeholders. The finding also conforms with OECD (2004) which stated that corporate governance structure specifies the sharing of rights and responsibilities among the board, managers, shareholders, and other stakeholders and stipulates the rules and procedures for making decisions on corporate affairs.

Furthermore, findings also reveal that all the companies derived their existence from the legal frameworks put in place. In other words, they are first and foremost, legal entities who must operate within legal frameworks prescribed by local and international laws and enforced by regulatory bodies, for the full protection of all its stakeholders. On this, 70% of respondents rated their companies 90% compliant while 20% rated the companies 80% compliant and the remaining 10% rated the companies 70% compliant, indicating that there is a high degree of legal compliance. In terms of compliance with international laws, findings reveal that 80% of respondents confirm 100% compliance rate, 10% confirm 90% compliance rate while the remaining 10% respondents also confirm 80% compliance level.

For compliance with local laws, 70% respondents affirm 100% compliance level of the companies, 20% respondents confirm 90% compliance whilst 10% respondents confirm 80% compliance level. For compliance with internal processes and procedures, 90% respondents returned a 90% compliance rate with 10% respondents returning 80% compliance rate. These findings go to show that the upstream oil companies are very conscious of their legal obligations to the government as well as to the society at large, partly because of the attendant consequences and cost of litigations and fines in the event of non -compliance. Also, the savings from legal compliance can neither be quantified nor the need for it over emphasized. These findings corroborate the findings of O'Donovan (2003), and Cynthia and Jill (2014) who reported that serious sanctions can be applied on defaulting companies for failing legal compliance with local and international regulations that governs operations in their industry.

With regards to ethics, findings reveal clearly that good ethical standard practices such as code of conduct, resolution mechanisms, integrity, transparency and accountability are key and fundamental to business success and performance as 100% of respondents affirm 100% effectiveness of ethical practices on success and performance. This finding shows that without good ethics at work, success and performance may be seriously impaired, thus compromising corporate governance standards. The finding thus aligns with Olawoyin (2014), who contended that ethical principles as universal standards of right and wrong which prescribe the kind of behaviour that an ethical company or person should or should not engage in, and also Renu and Revi (2013) who describe business ethics as the application of moral or ethical norms to business.

Risk management framework, like ethics in business, is critical to corporate governance success. Respondents returned emphatic 100% effectiveness of risk mitigation measures on accountability and executive compensation, 100% effectiveness on long -term company performance, and 100% effectiveness on executive powers. This finding is also in line with La Porta et al., (2000) who identified the risk of outside investors being expropriated by insiders as a major corporate governance setback, Berglof and Thadden (1999) who also pointed out that the main corporate governance challenge is the conflict between self-interested management and weak, often dispersed shareholders.

To establish the relationship between corporate governance and organizational performance, findings reveals that the data on return on investment indicate that 90% of respondents answered Yes to the question whether there is good return on investment while 10% answered No. Also, 100% of the respondents validated that good corporate governance enhances good return on investment. A 100% confirmatory Yes response was also obtained for the question whether the organizations run profitable business while 90% answered Yes to the question whether good corporate governance results in organizational profitability and 10% abstained. With regards to employee satisfaction, 90% expressed satisfaction with their current work condition while 10% was dissatisfied. On whether they will accept a better job offer if given the opportunity, 70% declined while 30% indicated a Yes response. These findings are in consonance with Salina and Priscilla (2021), who confirmed that the performance of Kenya Revenue Authority was significantly influenced by the corporate practices employed by the governance committee, Mohammed, Safa, and Ayad (2021) who established that there is a positive relationship between corporate governance and firm performance and also noted that good corporate governance has a good impact on firm performance and Olayiwola, Olugasa, Kajola & Akinmade (2020) who found clearly that corporate governance variables significantly predict organisational performance as institutionalisation of a quality and effective CG gives a considerable level of assurance to owners of a reasonable return on their investments.

5. Conclusion and Recommendations

From the discussion of findings, it is clear that without a good and efficient corporate governance system within an organization no organization can succeed. Success is a function of performance and the major tool required for performance is a good, effective and functional corporate governance mechanism put in place within the organization. The main corporate governance structures that support this functionality are the establishment of a board of directors, good legal framework, standard ethical practices within the organization and effective risk management mechanisms such as auditing, accountability and adequate disclosures of financial reports. These practices must be deeply entrenched and become culture within the organization. MUOCs have been found to long imbibe this culture of corporate governance which explains why they are largely successful in comparative terms to their indigenous upstream counterparts.

It is therefore imperative that for the indigenous upstream oil companies to level – up the gaps that have existed between them and the MUOCs, there is the need to build the culture of excellent and functional corporate governance system devoid of malfeasance in governance. Public policy formulators, the academia, researchers and students of corporate governance also need to be aware that to build an enduring and sustainable long- term corporate performance, good corporate governance system needed to be incorporated into the corporate strategic management engagement of the organization as this is the bedrock of organization success.

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