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Managers' Roles in Corporate Governance Practices of Multinational Upstream Oil Companies in Nigeria

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Abstract
Management is an important element in the success of an organization and integrate optimal management strategies into their corporate governance practices. This study investigates the influence of managerial roles on the corporate governance practices of multinational upstream oil companies in Nigeria. The study adopted a quantitative research method in which primary data were obtained from the top echelons, middle level and line managers of the companies through a purposive sampling technique. A total of 320 copies questionnaire were administered amongst the staff of the three multinational upstream oil companies and data obtained were analysed using the Partial Least Square in Structural Equation Modelling (PLS-SEM). The result of the study revealed the managers' role informational only has a positive and significant relationship with the internal corporate governance practices and no significant relationship with external corporate governance practices. The findings of the study also revealed that managers' role decisional has a positive significant relationship with both internal and external corporate governance practice. In conclusion, this study underscores the crucial importance of effective resource management and accountability in enhancing governance frameworks. The results highlight that managerial actions related to resource allocation and accountability are vital for improving corporate governance in the upstream oil sector.
Keywords: Board Structure, Managerial Controls, Resource Allocation, Audit, Accountability.

1. Introduction

Corporate governance (CG) is a critical framework that encompasses the orderly management of business enterprises, emphasizing ethical dealings with shareholders, lenders, employees, and other stakeholders, as well as society at large. It is defined by principles, processes, policies, and rules that ensure transparent and responsible management, directing and controlling a company's behavior (Bajpai, 2017; Mohd, Sulaiman & Bidin, 2002; O'Donovan, 2003; Bhasin, 2018). In essence, corporate governance acts as a code of conduct to promote the good management of companies.

Multinational organizations, characterized by having headquarters in one country and operating subsidiaries in multiple countries, play a significant role in the global economy (Tope, Isaac & Wole, 2011; Louise, 2019; Indeed, 2022). Specifically, multinational upstream oil companies (MUOCs) are entities engaged in oil and gas exploration both in their country of origin and internationally. Examples in Nigeria include Total Energies Nigeria Limited, Shell Petroleum Development Company of Nigeria Limited, Chevron Energy Nigeria Limited, and ExxonMobil Producing Nigeria Unlimited. These companies adopt robust CG practices to achieve long-term value creation and cater to the interests of their wide array of stakeholders (Omoregie, 2015). The Nigerian oil industry is particularly vital, generating over 95% of the country's foreign revenue and about 80% of government revenue (National Bureau of Statistics, 2019). Managers at all levels of governance within MUOCs in Nigeria play a pivotal role in the business's success. However, despite the recognized importance of corporate governance, there is limited empirical research examining the specific influence of managers' roles on CG practices within MUOCs in Nigeria.

Previous studies have explored various aspects of corporate governance, yet significant gaps remain regarding the specific impact of managerial roles on CG practices in the context of multinational upstream oil companies. This study aims to fill this gap by investigating how managers' roles influence CG practices in these organizations. Understanding these dynamics is crucial for improving governance frameworks, ensuring ethical conduct, and enhancing organizational performance. Therefore, the primary objective of this study is to investigate the influence of managers' roles on the corporate governance practices of multinational upstream oil companies in Nigeria.

This investigation is justified by the need to enhance governance practices, ensure compliance with ethical standards, and ultimately contribute to sustainable success of these companies. The research is further justified by the critical importance of good corporate governance practices in achieving long-term organizational success, particularly in the vital Nigerian oil sector, which generates substantial national revenue for economic stability and national growth and development. By identifying the specific roles and actions of managers that significantly impact CG practices, this study provides valuable insights for both practitioners and policymakers aiming to improve corporate governance frameworks within the industry.

2. Literature Review

2.1 Conceptual Review

Managers are the nucleus of the management and administrative machinery of any organization, performing critical roles necessary for organizational growth and success. As the key human resource responsible for managing the affairs of an organization, managers formulate strategic policies, develop long-term and short-term visions, and set the risk appetite for the organization. Their introduction into an organizational setting aims to help achieve set goals and objectives. According to the Harvard Law School Forum on Corporate Governance (2016, 2018), top-level managers, including the board of directors (BoDs) and management teams, play a crucial role in governance by establishing structures such as the Executive and Management Team. The board, responsible for corporate governance, provides leadership, direction, and oversight, ensuring the attainment of organizational objectives (Fakokunde, et al., 2024).

Management, defined by Stoner (1982) involves planning, organizing, leading, and controlling the efforts of organizational members to achieve stated goals. Managers initiate organizational activities, allocate resources, and conduct performance evaluations, thereby providing leadership across various organizational levels. They harmonize the work of employees to ensure the achievement of corporate objectives (Certo, 2000; Torlak et al., 2021). Budur and Demir (2019) highlight that managers facilitate goal attainment by helping subordinates understand organizational objectives and engaging with them as a team to reach individual and group goals. Similarly, Sahin (2014) and Yildiz and Amin (2020) argue that managers increase organizational efficiency by effectively allocating limited resources, eliminating waste, and reducing costs.

In the dynamic business environment, managers adapt organizations to changes through adaptive training and continuous learning (Budur & Demir, 2019). They are also crucial in conflict management and resolution (Mintzberg, 1973; Koran & Koran, 2017; Demir & Budur, 2019). Managers with developed ethical values and standards contribute to fair management and quality service delivery, benefiting the organization, employees, customers, and society at large (Kavlu, 2017; Zaim et al., 2020). Effective time management, as postulated by Yildiz (2015), transforms into profit for the organization.

Despite extensive research on management and corporate governance, gaps remain in understanding the specific influence of managerial roles on corporate governance practices of multinational upstream oil companies (MUOCs) in Nigeria. Previous studies have not adequately explored how different managerial roles—interpersonal, informational, and decisional—impact corporate governance within these companies. This study aims to fill this gap by investigating the influence of managers' roles on corporate governance practices of MUOCs in Nigeria with respect to board governance structure and ethics, managerial controls such as audits and staff performance appraisals, resource allocation, and accountability.

2.2 Theoretical Review

The socio-economic theories underpinning this study are: agency theory and stewardship theory. These theories are discussed below in the various dimensions in which they impinge on the study.

2.2.1 Agency Theory

The main underlying factor in corporate governance is the agency theory which focuses on the principal - agent relationship (Ross, 1973; Mitnick,1975; Jensen & Meckling, 1976). The agency theory describes a situation whereby the principal appoints an agent to act on his behalf either because he has not enough time to manage the business or for lack of the required expertise. Thus, the basic assumptions 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. In this case, the principal is the person delegating whilst the agent is the person to whom authority is delegated.

The relationship between stockholders and senior managers is the classic example of agency relationship. Stockholders, who are the principals, provide the company with the risk capital. However, they delegate control over that capital to senior managers, particularly the CEO, who as their agent, is expected to use that capital in a manner that is consistent with the best interest of the stockholders. 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). Thus, the separation of management role and ownership lead to a serious matter of control over the risk attitude (Berle & Means, 1934).

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. The theory argues that, to protect a shareholder’s interest, there is a need to separate the roles of chairperson of the board of directors and the CEO. Corroborating this assertion, La Porta (1998) asserted that the central agency problem in large corporations is to contain expropriation of minority investors by the majority shareholders.

The board structure, processes and board management relationship is hinged on agency view of the corporate governance (Kaplan & Minton, 1994; Kaplan, 1995). It is a control-based theory, and its support recognized the need of corporate governance mechanisms to accommodate the self – interest of top management (Jensen & Meckling, 1976). It is a perspective that focuses on the linkage between the board independence, leadership structure and firm performance because directors monitor the decisions and performance of the top management. The top management gives valuable information that enables the directors to efficiently follow up on their activities (Fama & Jensen, 1983).

2.2.2 Stewardship Theory

Stewardship theory serves to complement the agency theory because of managerial motivation and rewards. The theory advocates that shareholders' interests are maximized by stockholder incumbency of the roles of board chair and CEO (Donaldson & Davis, 1989). The theory presents an alternative model of management whereby managers are seen as good servants who will act in the best interest of owners (Donaldson & Davis, 1991). The Stewardship theory states that the managers, left on their own, will act as responsible servants of the assets they control (Davis et al., 1997). The fundamentals of stewardship theory are based on social psychology, which focuses on the behaviour of top executives. The steward's behaviour is seen as pro-organization and collectivists and has higher utility than individualistic self- serving behaviour of managers. The theory amplifies the fact that the steward's behaviour will not depart from the interest of the organization because the steward seeks to achieve the objectives of the organization (Davis, Schoorman & Donaldson, 1997). This behaviour is ultimately beneficial for the principals in terms of increase in share price and returns on shares. Smallman (2004) states that stewards balance tensions between different beneficiaries and other interest groups within the organization.

The stewardship theory dissociates from and rejects the notion of self – interest at the expense of organization owners. According to the theory, the agent is self-actualizing, focusing on higher order needs. The agent places the firm ahead of his personal interest, they are involvement – oriented and trustworthy to the core. It sees a strong relationship between managers and the success of the firm, and therefore protect and maximize shareholder's wealth through firm performance by improving performance metrics and satisfying most stakeholder groups in an organization (Davis, Schoorman & Donaldson, 1997).

2.3 Empirical Review

Empirical research consistently underscores the pivotal role managers play in the success of corporate governance within organizations. Modern studies have expanded upon foundational theories, incorporating contemporary findings and more recent data to better understand these dynamics. According to recent literature, managers' roles in corporate governance are multifaceted and crucial for organizational success. Fayol's early work (1916) identified essential managerial functions such as planning, organizing, commanding, coordinating, and controlling. However, current studies have built upon these principles to reflect the complexities of modern management.

Mintzberg's model (1973, 1989) remains influential, but recent studies have also validated and expanded his framework. Mintzberg's categorization of managerial roles into interpersonal, informational, and decisional remains relevant. His identification of ten roles—figurehead, leader, liaison, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator—continues to provide a comprehensive understanding of managerial responsibilities within organizations. Contemporary research supports and elaborates on Mintzberg's findings. For instance, a study by Khandelwal and Mohendra (2021) reaffirms the significance of Mintzberg's roles in modern organizational contexts, highlighting how these roles contribute to effective corporate governance in diverse industries. Similarly, a recent study by Yazici et al. (2020) examines the impact of managerial roles on organizational performance, emphasizing the importance of adaptive and strategic roles in navigating today's dynamic business environments.

Furthermore, recent studies by Nguyen and Le (2022) and Wang et al. (2023) explore the influence of managerial behavior on corporate governance. These studies highlight how managers' interpersonal and informational roles facilitate better communication and decision-making processes, ultimately enhancing corporate governance frameworks. Nguyen and Le (2022) specifically examine the role of managers in fostering ethical corporate governance practices, showing that ethical leadership significantly impacts organizational transparency and accountability.

Bertrand and Schoar's (2003) study remain relevant but has been supplemented by newer research. For example, a recent study by Adams and Ferreira (2020) analyzes the effects of managerial characteristics on firm performance using a larger and more diverse sample. Their findings confirm that managers' personal attributes and leadership styles significantly affect corporate behavior and governance outcomes. Ansoff's identification of key managerial roles has been expanded in recent literature. A study by Gupta et al. (2021) identifies additional roles such as innovation facilitator and change agent, reflecting the evolving nature of managerial responsibilities in today's business landscape. In conclusion, modern empirical studies affirm the critical roles that managers play in corporate governance practices. They extend foundational theories to incorporate contemporary insights, emphasizing the importance of adaptive, ethical, and strategic managerial roles in achieving organizational success. This review highlights the necessity of continuous research to adapt to the evolving challenges and opportunities within corporate governance.

3. Methodology

The study is quantitative research. A descriptive survey design method was adopted while data were collected through both primary and secondary sources. The study targeted multinational upstream oil companies (MUOCs) in Nigeria, focusing on three main locations, Port Harcourt, Lagos and Abuja for administrative and operational reasons. The population consisted of 25 MUOCs, from which three of the largest and oldest companies were purposively selected due to their prominence in oil production, revenue, staff size, and capital investment. A structured questionnaire was administered to 320 employees across various managerial levels, yielding 262 valid responses. The primary data collected aimed to assess the influence of managerial roles on corporate governance success, examining factors such as board structure, managerial controls, audit, accountability, resource allocation, and continuous appraisal. The methodology utilized a variance-based construct and a 5-point Likert scale to measure the relevance and significance of the indicators, conforming to Hair et al. (2019) standards. The reliability of the items in the questionnaire was ensured using the formative measurement model assessment following the guidelines of Hair et al. (2019). The result of this assessment is shown in Table 1.

The study therefore engaged smart PLS 4 to execute the measurement model and structural model procedures. From the foregoing, the study evaluated the following equations:

$$cCGP\_INT = \square\square + \square\square\ cRCG\_A + \square\square\ cRCG\_B + \square\square\ cRCG\_C + e\square \quad (1)$$

$$cCGP\_EXT = \square\square + \square\square\ cRCG\_A + X\square\ cRCG\_B + X\square\ cRCG\_C + e\square \quad (2)$$

$$cCGP = W\square + W\square\ cRCG\_A + W\square\ cRCG\_B + W\square\ cRCG\_C + e\square \quad (3)$$

$$cCGP = A\square + A\square\ cRCG + e\square \quad (4)$$

4. Data Analysis and Discussion of Findings

4.1 Influence of Managers' role on the Corporate Governance practices of Multi-National Upstream Oil Company in Nigeria

To obtain the influence of managers' role on corporate governance practices, the study employed the use of path analysis in partial least square structural equation modelling as contained in Hair et al. (2019). Therefore, the study examined the measurement and structural models.

4.1.1 Measurement model.

In this paper, the algorithm for the formative construct was considered, which involved the relevance and significance of the indicators as well as the variance inflation factor (VIF) for each of the items. The study followed the guidelines presented in Hair and Alamer (2022). The variables measured are internal corporate governance practices (cCGP_INT, which include cCGP:18, 19, 20, 21, 23, 24, 25), External corporate governance practices (cCGP_EXT: cCGP:17, 22), and role of managers in corporate governance (cRCG) grouped into interpersonal (cRCG_A: cRCG:28, 35, 36); informational (cRCG_B: cRCG:29, 33, 34), and decisional (cRCG_C: cRCG:27, 31, 32). Following the procedures for formatively modelled indicators the results for the relevance and significance of the items were presented in Table 1. When the weight of the indicator is significant, the indicator is adjudged as being relatively important (RI). However, where the weight is not significant, the study observed the loadings of the indicator. If the loading is above 0.5, it is said to be absolutely important (AI). Otherwise, the study considered the significance of the loading in order to determine its theoretical relevance (TR). Once the indicator merits the situation highlighted, the indicator is therefore, retained for the structural path analysis. In this study, indicators with relatively important were eight (8) while those absolutely important were ten.

Table 1: Significance and Relevance of Managerial Roles and CGPs (Formative assessment)

Path	Weights	T statistics	P values	Loadings	T statistics	P values	Reason	VIF
cCGP17 -> cCGP_EXT	0.858	7.720	0.000	0.956	17.779	0.000	RI	1.112
cCGP22 -> cCGP_EXT	0.309	1.549	0.122	0.581	3.369	0.001	AI	1.112
cCGP18 -> cCGP_INT	0.018	0.130	0.896	0.351	2.039	0.041	AI	1.192
cCGP19 -> cCGP_INT	0.119	0.949	0.343	0.710	7.148	0.000	AI	1.762
cCGP20 -> cCGP_INT	0.106	0.897	0.370	0.653	6.546	0.000	AI	1.648
cCGP21 -> cCGP_INT	0.114	1.374	0.169	0.569	5.247	0.000	AI	1.355
cCGP23 -> cCGP_INT	0.231	2.112	0.035	0.737	9.291	0.000	RI	1.747
cCGP24 -> cCGP_INT	-0.035	0.245	0.806	0.663	5.868	0.000	AI	1.995
cCGP25 -> cCGP_INT	0.657	4.990	0.000	0.956	26.289	0.000	RI	2.688
cRCG28 -> cRCG_A	0.819	5.788	0.000	0.971	20.293	0.000	RI	1.442
cRCG35 -> cRCG_A	0.207	1.789	0.074	0.608	5.240	0.000	AI	1.298
cRCG36 -> cRCG_A	0.128	0.714	0.476	0.614	4.231	0.000	AI	1.401
cRCG29 -> cRCG_B	0.296	1.862	0.063	0.648	4.387	0.000	AI	1.224
cRCG33 -> cRCG_B	0.657	4.247	0.000	0.868	9.769	0.000	RI	1.187
cRCG34 -> cRCG_B	0.362	2.141	0.032	0.658	4.059	0.000	RI	1.180
cRCG27 -> cRCG_C	0.610	3.581	0.000	0.855	9.582	0.000	RI	1.257
cRCG31 -> cRCG_C	0.009	0.041	0.967	0.654	4.530	0.000	AI	2.010
cRCG32 -> cRCG_C	0.568	2.893	0.004	0.833	7.604	0.000	RI	2.044

Source: Authors' Computation (2024)

Thereafter, the VIF of the indicators were also considered to be within the limits of 0.5 (Adepoju & Adeniji, 2020; Adepoju, et al., 2023) as shown in Table 1. So, the indicators and constructs used in the model had satisfied the procedure requirements. Thereafter, the study examined the structural model for the path coefficients in the disaggregated and aggregated constructs.

4.1.2 Structural Analysis

The analysis of path coefficients in Table 2, Figure 2 and Figure 3 aligns with the criteria proposed by Hair et al. (2019) to ascertain statistical significance, where a p-value less than or equal to 0.05 and a T-value greater than or equal to 1.96 (at 95%) are considered significant. In the context of the analysis presented, a relationship between an independent variable and a dependent variable is also considered to be significant at 90% when T-statistics falls within a range where it is greater than or equal to 1.65, and the associated p-value is greater than 0.05 but less than 0.1. This indicates a moderate level of statistical significance. This approach allows the researcher to examine the relationships between managers' role and corporate governance practices constructs within the multinational upstream oil company in Nigeria. In addition, the collinearity of inner model was also assessed in the structural path analysis using the Variance Inflation Factor (VIF).

Table 2: Path Coefficients for Managerial Roles on CGPs

Path	Beta	STDEV	T statistics	P values	VIF	f Square
cRCG_A -> cCGP_EXT	-0.051	0.099	0.508	0.612	1.967	0.002
cRCG_A -> cCGP_INT	0.249	0.109	2.278	0.023	1.967	0.079
cRCG_B -> cCGP_EXT	0.102	0.089	1.141	0.254	1.670	0.007
cRCG_B -> cCGP_INT	0.226	0.104	2.166	0.030	1.670	0.080
cRCG_C -> cCGP_EXT	0.320	0.091	3.520	0.000	1.937	0.061
cRCG_C -> cCGP_INT	0.462	0.123	3.741	0.000	1.937	0.366
R Square cCGP_EXT	0.126					
R Square cCGP_INT	0.661					
Aggregated cCGP						
cRCG_A -> cCGP	0.235	0.117	2.000	0.046	1.991	0.077
cRCG_B -> cCGP	0.241	0.114	2.104	0.035	1.635	0.098
cRCG_C -> cCGP	0.448	0.141	3.171	0.002	1.942	0.287
R Square cCGP	0.639					
Aggregated cRCG						
cRCG -> cCGP	0.797	0.052	15.235	0.000		
R Square cCGP	0.636					

Source: Authors' Computation (2024)

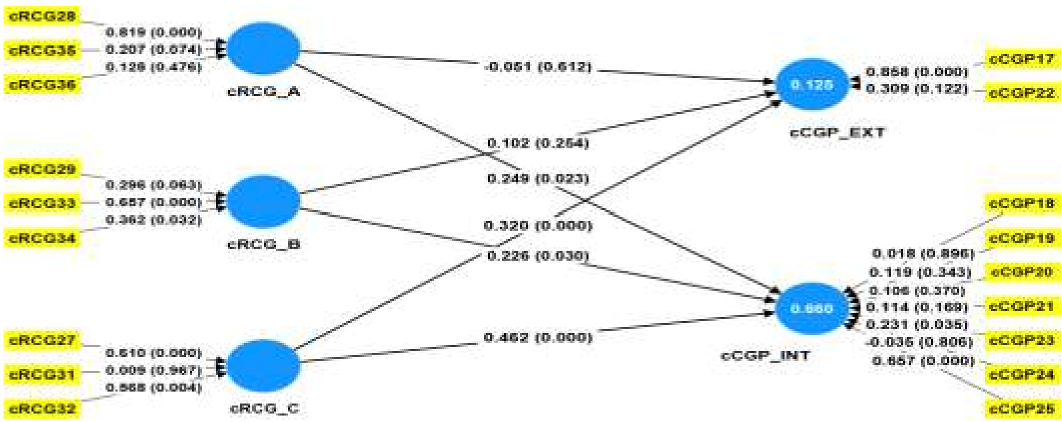

Figure 2: Algorithm and Bootstrapping for Managerial Roles and Sub-Constructs of CGPs
Source: Authors' Computation (2024)

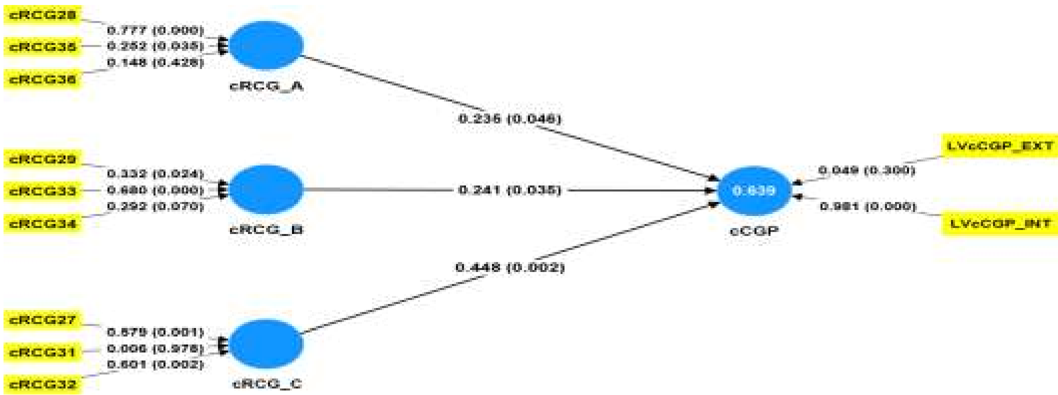

Figure 3: Algorithm and Bootstrapping for Managerial Roles and Aggregated CGPs
Source: Authors' Computation (2024)

Table 2 presented findings indicating that all the VIF value observed ranged between 1.635 and 1.991, which affirms that collinearity was not a concern, as all VIF values were within the acceptable range. Results in Table 2 show that, managers' role of interpersonal (cRCG_A) only have positive and significant relationship with the internal corporate governance practices (cCGP_INT) as shown in their path coefficient (cRCG_A -> cCGP_INT: Beta =0.249, T statistics = 2.278) and no significant relationship with external corporate governance practices (cCGP_EXT). Table 2 also shows that managers' role informational (cRCG_B) only have positive and significant relationship with the internal corporate governance practices as shown in their path coefficient (cRCG_B -> cCGP_INT: Beta =0.226, T statistics = 2.166) and no significant relationship with external corporate governance practices (cCGP_EXT). Whereas managers' role decisional (cRCG_C) have positive significant relationship with both internal and external corporate governance practices as shown in their path coefficients, cRCG_C -> cCGP_INT (Beta = 0.462 and T statistics = 3.741); and cRCG_C -> cCGP_EXT (Beta = 0.320 and T statistics = 3.520).

More so, the study examined the coefficients of determination (R-squares) based on Cohen (1992) reported in Tehseen et al. (2019) and Adepoju, Ekundayo and Oladiipo (2023) that R –square values of 0.26, 0.13, and 0.02 should be considered as being substantial, moderate, and weak, respectively. The R-square indicates a substantial value of 0.661 for internal corporate governance practices and a moderate value of 0.126 for external corporate governance practices (cCGP_EXT). This suggests that the managers' roles considered in the study explain approximately 66.1% of the variance in internal corporate governance practices and 12.6% in external corporate governance practices. Table 2 present the assessment of the practical significance of the relationships, the effect size (f-square). The effect size was assessed based on the threshold by Cohen (1992) that the values of the f-square effect size 0.02, 0.15 and 0.35 are considered as small, medium and large significant effects of the exogenous constructs respectively. The effect sizes fall in between small and medium sizes for cRCG_A -> cCGP_INT, cRCG_B -> cCGP_INT, and cRCG_C -> cCGP_EXT with values of 0.079, 0.080 and 0.061 respectively. Whereas the effect size is large for cRCG_C -> cCGP_INT, with a value of 0.366.

Furthermore, the study assessed the influence of managers' role sub-constructs on the aggregated corporate governance practices (cCGP) as depicted in Figure 3. Table 2 and Figure 2 show that all three categories of managers' role have positive significant relationship with (cCGP) at 95% as shown in their path coefficients- cRCG_A -> cCGP (Beta =0.235, T-statistics = 2.000); cRCG_B -> cCGP (Beta =0.241, T-statistics = 2.104);

and cRCG_C -> cCGP (Beta =0.448, T-statistics = 3.171). Table 2 also reported the R-Square for the aggregated cCGP to be 0.639 which suggests that managers' role explain approximately 63.9% of the variance in the overall corporate governance practices in the study area. The effect size reveals 0.077, 0.098, and 0.287 for cRCG_A, cRCG_B, and cRCG_C respectively. Finally, Table 2 and Figure 3 revealed the results of the aggregated constructs of manager's role and the corporate governance practices. An aggregated managers' role has a path coefficient of 0.797 which was highly significant with a R-square of 0.636. The results which signify the importance of managers' role to the corporate governance in the oil and gas industry.

The implication of the study outcomes revolves around Figure 2 as it illustrates a noteworthy finding within the construct of corporate governance practices (cRCG_C) as cRCG_C32 emerges with the largest structural weight. This indicates that among the various components studied, the role encapsulated by cRCG_C32, which involves the allocation and management of resources (including human, financial, materials, and assets), as well as the associated accountability for decisions and actions, holds the significant power.

Essentially, the data suggests that respondents recognize the pivotal importance of managerial actions pertaining to resource allocation, management, and accountability. Specifically, the prominent position of cRCG_C32 implies that within the multinational upstream oil companies in Nigeria, the way managers handle resources, oversee their allocation, and assume responsibility for outcomes and decisions greatly influences the enhancement of corporate governance practices. In essence, this finding underscores the critical role that effective resource management and accountability play in driving improvements in corporate governance within the organization. It highlights the need for robust systems and practices surrounding resource allocation and managerial accountability to ensure the integrity and effectiveness of corporate governance frameworks in the context of the upstream oil industry in Nigeria.

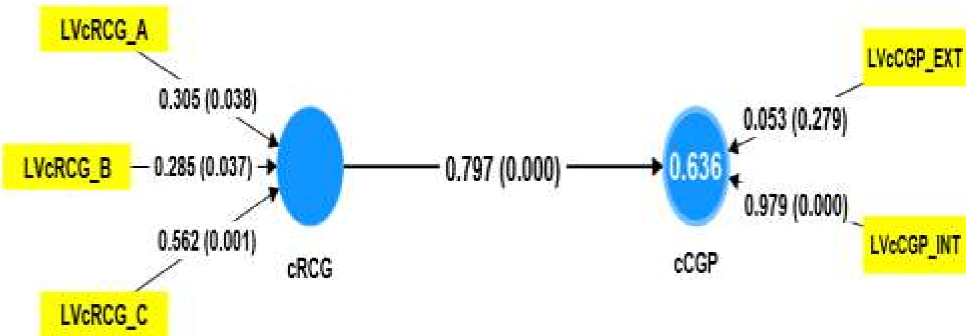

Figure 4: Algorithm and Bootstrapping Results of the Aggregated Constructs
Source: Authors' Computation (2024)

5. Conclusion and Recommendations

The study employed path analysis in partial least square structural equation modelling to examine the influence of managers' roles on the corporate governance practices of multinational upstream oil companies in Nigeria, focusing on both measurement and structural models. The measurement model identified the relevance and significance of various indicators, with internal corporate governance practices (cCGP_INT) and external corporate governance practices (cCGP_EXT) being key variables, alongside managerial roles grouped into interpersonal, informational, and decisional categories. Significant and relatively important indicators were identified and retained for structural path analysis, confirming that managers' decisional roles (cRCG_C) positively and significantly influenced both internal and external corporate governance practices. The structural model's path coefficients revealed that decisional roles had the most substantial impact on corporate governance, highlighting the importance of effective resource management and accountability in enhancing governance frameworks. The findings underscore those managerial actions, particularly those related to resource allocation and accountability, play a pivotal role in driving improvements in corporate governance within the upstream oil sector in Nigeria. This study not only sheds light on the critical influence of managerial roles but also suggests the necessity for robust systems and practices to ensure effective corporate governance in the industry.

Based on the results, it is recommended that multinational upstream oil companies in Nigeria strengthen managerial roles, particularly in decision-making, through targeted training and development programs to enhance competencies in resource allocation, management, and accountability. Implementing robust systems and frameworks for effective resource management and regular audits will maintain transparency and accountability. Additionally, fostering a culture of continuous improvement and learning through workshops and collaborative forums can promote best practices in corporate governance. Enhancing internal governance by focusing on the interpersonal and informational roles of managers will improve communication and collaboration. Regulatory bodies should consider these findings to create supportive environments that encourage good corporate governance practices in the industry.

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