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Multinationals' Dominance and Asset Management Competencies of Indigenous firms in the upstream sector of the Nigerian Petroleum Industry.

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Abstract

This study examined the effect of expatriate dominance, as a function of multinationals' dominance, on operational performance of indigenous firms in the upstream sector of the Nigerian oil and gas industry. Four hypotheses were formulated in the study to test the relationship between expatriate and asset management competencies. Survey research design was applied. The targeted population comprised of the three listed indigenous firms as at 2018 in the upstream sector of the Nigerian petroleum industry. Data for this research was obtained from primary source through the aid of a psychometric five-point structured questionnaire. 260 copies of questionnaires were administered, out of which 216 were found to be useful for the analysis. The data were analyzed using descriptive statistics of simple percentage, mean and standard deviation and inferential statistics of linear regression. The hypotheses were tested at 0.05 level of significance. Findings revealed that there is a significant relationship between expatriate dominance and operational performance. Based on the findings of this study, the study concluded that dominance variables must be monitored if sustainable development must be attained in the upstream sector of the Nigerian petroleum industry. It was recommended that that in order to improve the operational performance of indigenous firms in the upstream sector of the Nigerian petroleum industry; the Nigerian government should provide an effective regulatory environment for the development of indigenous capabilities in order to ensure sustainable development of the industry. The sustainable development of the sector depends largely on the local capabilities available.

Keywords: Asset management, Development, Expatriate dominance, Indigenous firms, Upstream Sector.

1. Background

Generally, multinational firms play significant roles in the Nigerian economy, especially in the upstream sector of the petroleum industry. Iwayemi (2007) posited that the strategic dependence of the world economy on petroleum resources underscores strategic significance of the petroleum industry. With petroleum being the current mainstay of the Nigerian economy, managing the influence of multinational firms; most of which dominate the upstream sector, portend a multifaceted challenge to indigenous firms operating in the sector, with an observable minority participation (Adewunmi & Adenugba, 2010; Akpan, 2017; Aye, 2017; Ugwu, 2014).

Historically, the presence and operations of MNCs in Africa reflects primarily the trade interests of the colonial masters in their different spheres of influence (Chigozie, 2018; Okigbo, 1993). The concept of trade, as that which is generally perceived as favourable to the colonialists played out significantly in the petroleum industry (Adam, 2014; Heum, Quale, Karlsen, Kragha, & Osahon, 2003; Ugwu, 2014). Competition among multinational corporations is often an extension of the domestic and oligopolistic rivalry between their home countries that spills across national borders. In many global industries, the same organization dominate each country's list of the largest firms (Oyeyinka-Oyelaran, 2014).

According to Mander and Goldsmith (1996), third world countries grew more dependent on global trading, financial and investment systems, foreign technologies and products even after independence. In corroborating this position, Nwoke (2015) opined that the Nigerian government controls the activities of Multinational Oil Corporations' (MNOCs) only in theory, which in practice MNOCs controls the actual exploration, production and ancillary services. Since the discovery of crude oil in Nigeria, the nation has lacked the required manpower and technological know-how to independently explore and mine petroleum resources within its boundaries (Oyelaran-Oyeyinka, 2014). This is in consonance with the assumptions of the dependency theory of underdevelopment.

Successive Nigerian government, firms and institutions had little technical knowledge of the industry, and did not possess the necessary managerial and technological skills required in managing oil exploration assets, hence the reliance on share of profits as declared by the oil companies. MNOCs dominance in petroleum technology has consistently undermined the utilization and maintenance of state-owned oil refineries in Nigeria, which has ensured that Nigeria cannot compete favourably in the petroleum industry (Soremekun & Obi, 1993; Ugwu, 2014).

Nosike (2017) submitted that the oil and gas industry is divided to the upstream, downstream, and probably midstream sectors. The probability in the existence of the midstream sector is premised in the duality of the roles played by the sector. In some industries, like the Nigerian Petroleum Industry (NPI), the midstream sector is closer to the upstream sector than it is to the downstream sector. This may not be unconnected with the near comatose state of the state owned refineries. Nouara (2015) also noted that firms operating in the petroleum sector are usually fully integrated, i.e. they have both upstream and downstream interests, usually on a multinational basis. Players in these three sectors are the National Oil Company, MNOCs, and Indigenous Oil firms. Upstream operations such as exploration, development, production and to a large extent midstream (crude O & G exports) are capital intensive (Nigerian National Petroleum Corporation
- NNPC, 2016). In all, the MNOCs contribute about 94% of the total production in the industry (Klynveld Peat Marwick Goerdeler- KPMG, 2014; Subai, 2014).

The focus of this study is on the upstream sector. The upstream oil sector is the single, most fiscally, relevant sector in the economy, accounting for over 90% of the country's exports and about 80% of the Federal Governments' revenue (Ehinomen & Adeleke 2012; KPMG, 2014). Crude Oil is currently explored from three different basins in Nigeria: the onshore Anambra, the offshore Benin/Dahomey (deep-water and ultra-deep water) and the Niger Delta (shallow and deep offshore basins). Efforts are on-going to discover crude in other areas in Nigeria such as the Lake Chad basin. The Niger Delta and Benin basins are known to be the richest basins and hold the vast majority of reserves, and contribute significantly to current production. Therefore, this study sets out with a single objective to explore the effects of expatriate dominance on asset management competencies of indigenous firms in the NPI; with emphasis on the upstream sector. The study is exploratory in nature in order to provide a clear guidance for advanced empirical research in future.

2. Literature Review

2.1 Petroleum Industry and Nigerian Economy

Therefore, there has been an observable geometric increase in dependence on resource rents to fund the federal budgets in Nigeria. While the benefits of this near sole dependence on petroleum resources for revenue by successive administrations in Nigeria is debatable, the utter neglect of erstwhile viable sectors, such as agriculture, education, services and manufacturing implies a state of anomie (Anyanwu, Oyefusi, Oaikhenan, & Dimowo, 1997; Beckman, 1982; Okigbo, 1993; Onyi-Ogelle, 2016).

In the last four decades, petroleum resources have claimed the topmost position in Nigeria's export list, leading to a fundamental change in the structure of the country's international trade relationships, from an agric-produce exporting country to a petroleum exporting country (Okigbo, 1993; Olajide, 2002; Onyi-Ogelle, 2016). This status has been maintained without reference to the exhaustible nature of petroleum resources, the implications for future generations in terms of unplanned exploration, sustainable economic development and development of indigenous human capital (Iledare, 2008). For years, Nigeria has been the only major world petroleum resource producer not experiencing full-scale conflict yet sells almost all of its crude to intermediaries, rather than end-users. This is not a risk-averse, sustainable strategy for the future, especially since Europe and India have limited longer-term growth potential as destinations for Nigerian oil exports, (Sayne & Hruby, 2016).

MNOCs are the largest, most technologically advanced and richest multinationals in the world, hence, foreign investments in the Nigerian oil industry is clearly dominated by the MNOCs who have historically charted its course, and determined the character and structure (Soremekun & Obi, 1993; Ugwu, 2014). The Colonial oil concessionaire era in the NPI excluded Nigerians and Nigeria from the exploitation and management of its oil resources. Under this system, the oil multinationals were granted concessions over large expanse of land for long periods in their oil search. The justification for such concessions was the need to make them attractive to the foreign investors. However, unfortunately, it guaranteed for them oligopolistic control of the Nigerian oil industry (Soremekun & Obi, 1993).

According to Amao (2008), the foundation for the dominance of the NPI was laid preindependence through the merger of British Petroleum in which the colonialist had obvious vested interest with Shell D'Archy, the original concessionaires of Nigeria's crude oil, to form Shell-BP. This merger, which conferred a first mover advantage on the conglomerate so formed, resulted in the near absolute reliance on foreign factor inputs like foreign machineries and equipment, foreign technical knowhow, and foreign managerial skill for the exploration and production of crude oil and the construction as well as the operations of the nation's refineries at inception (Amao, 2008; Chigozie, 2018).

Earlier, Fubara (1986) submitted that the absence of indigenous state institutions or firms at the time of oil discovery effectively truncated the emergence of a coherent strategy for the transfer of technology and competence which would have built up the domestic capacity to drive the nation's

oil industry as obtainable in other countries such as Norway and Brazil. Nwokeji (2007) alluded to this position suggesting that rather than granting regulatory and investment responsibilities on NNPC, the Nigerian state should have strengthened independent regulatory institutions, while providing support for endogenous capacity development in the context private indigenous oil companies.

Soremekun and Obi (1993) pointed out that subsequent government participation in the oil industry took place within the guise of the indigenization of the Nigerian economy or what was in reality an exercise to create avenues for the indigenous investment through governments' exercise of more control over the economy viz a viz foreign capital.

The industry has rarely contributed more than a meagre 15% to the Nigerian GDP, consistently ranking no better than third behind agriculture, which contributes up to 40%, and wholesale and retail trade which contribute around 19% (Etim & Okuribido, 2013). In corroboration this position, Okigbo (1993) and Nwokeji (2007) alluded that the volume of production and sale; and the price of the sales of Nigeria's crude oil are determined abroad. Also the entire technology for petroleum production and sale is imported hence all foreign exchange earnings in the NPI are dependent on decisions abroad (Etim & Okuribido, 2013; Adewunmi and Adenugba, 2010). This low contribution to national GDP is generally attributed to the fact that the bulk of oil and gas production is carried out by foreign oil companies which tend to rely mainly on foreign sources for finance and consumption of their production in Nigeria (Adewunmi and Adenugba, 2010; Frynas & Paulo, 2007; Jhingan, 2016). To counteract this trend, various measures have been introduced by successive governments, including a marginal field recovery programme in which dormant fields within portfolios of MNOCs were auctioned to Indigenous Nigerian companies.

2.2 Multinational Oil Corporations in Nigeria

Historically, various multinational firms had managed the Nigerian petroleum industry singularly, jointly or by representation. These firms include Nigerian Bitumen Company, British Colonial Petroleum, Shell D'Arcy (later Shell-BP; now Royal Dutch Shell), Mobil Oil, Elf, Agip and Phillips (Amao, 2008; Beckman, 1982). During the pre-independence concessionaire era of the Nigerian oil industry, the government was not in a strong position to regulate, benefit, or participate in the industry, thereby leaving the industry open to multinationals' domination. Currently, the power and influence of MNOCs is greater than that of private indigenous oil firms whose operations are correspondingly declining (Nwokeji, 2007; Okigbo, 1993; Soremekun & Obi, 1993).

The major MNOCs in today's Nigeria include the Royal-Dutch Shell (Shell), which is the largest oil producer in Nigeria producing more than 40 per cent of Nigeria's total output. There are also the United States domiciled corporations such as Exxon-Mobil and Chevron/Texaco, which produce about 38 per cent of Nigeria's output. Other US corporations in Nigeria are Ashland, Sun Oil and Conoco. In addition, there are France's Total, Italy's Agip International, Norway's Statoil and South Africa's Sasol (Amao, 2008; Egbon, 2014). British Oil Company - Shell - a virtual monopoly over oil exploration in the country and Shell had remained the dominant oil company in Nigeria for several years (Amao, 2008; Chigozie, 2018; Egbon, 2014). A closer look at the structure of a typical MNOC would reveal the following: a parent company in Europe or the United States; and subsidiaries incorporated as Nigerian corporations. The shareholders of the parent company are usually in the United States and Europe.

The MNOC maintains managerial control of the enterprise. They engage in joint venture partnerships with the Federal Government of Nigeria through the Nigerian National Petroleum Corporation (NNPC) typically in a ratio of 55-60 per cent to the government and 40-45 per cent to the corporation. The government contributes proportionately to the cost of carrying out the oil operations and receives a share of the production in the same proportion (Amao, 2008; Egbon, 2014). According to Egbo (2010), many developing countries see attracting foreign investment as an important element in their strategy for economic development because it is perceived as an amalgamation of capital, technology, marketing and management; however, the pattern of the investment interests is often skewed towards extractive industries, which raises serious concerns.

2.3 Expatriate Dominance

Expatriate dominance in this study is deducible from multinationals' dominance construct.

Multinationals' dominance is described as the perpetuation of supremacy and authority by foreign firms in critical sectors of a host country. A critical aspect of local content development is the encouragement and development of indigenous capabilities. According to Fajana (2005), indigenous employment growth rate in the petroleum industry in Nigeria is on a decline compared to that in the manufacturing sector, which has equally benefited from the introduction of new technologies. He observed that decline is due to increased outsourcing as Nigerians make up the majority of contract and subcontract workers while the number of expatriate workers even in unskilled and semi-skilled jobs has been increasing over the past few years. Expatriate workers are

often engaged to occupy positions requiring special skills and expertise, with which Nigerian workers cannot compete.

Also, as a result of the pressure to attract new businesses and encourage economic growth, there is an apparent urge to ease the requirements on expatriate quotas. Hence, the need to maintain an effective balance as regards the training and placement of local manpower is progressively eroded. As the emphasis on the enhancement of local skills degenerates, the same multinationals that are being canvassed, may in time label this trend as an added disincentive not to establish or expand their business operations in Nigeria (Osibanjo, Oyewunmi, & Salau, 2014).

Fajana (2005) further noted the considerable disparity between the terms and conditions of work of expatriate workers and indigenous workers. They benefit from more generous conditions of work than their Nigerian counterparts with the same level of skills and education, who often argue that this constitutes reverse discrimination. He observed that the expatriate quota has been abused by the oil industry, leading to undue discrimination against highly skilled and qualified Nigerian workers.

Many Nigerian workers are marginalized to "casualization" and compelled to accept poor conditions of work, such as contracts of less than five years, extremely poor pay, no benefits and no retirement allowance (Aye, 2017). In addition, the average pay ratio of expatriate workers to Nigerian workers is about 4: 1. The fact that expatriate workers are highly paid causes a certain level of discontent (Fajana, 2005; Nwokeji, 2007). Nwokeji (2007) further asserted that MNOCs have never set out to develop endogenous capacities for Nigeria. He noted that their interest in indigenous manpower development has been short term in nature, describing this as a natural characteristic of firms in the extractive industries.

According to Oyejide and Adewuyi (2011), investment in managerial and entrepreneurial capabilities in addition to investment in technical knowledge of indigenes of a country may involve sending the indigenes that are products of the domestic universities and educational institutes, abroad to learn the methods of advanced countries. This, they opined, will increase the chances of the MNCs in the country employing the indigenes in management positions, thereby reducing domestic unemployment.

Akinbola, Issa and Abu (2018) averred that multinational corporations export jobs abroad and exploit workers in developing countries. They noted that at the core of these developments is the issue of employment, in which multinationals have to cope with laws or regulations guiding the

ratio of employees that may be foreign in its workforce to give room for the nationals of the host to be employees. According to Liu, Yuan and JiaqiXue (2009), there is a perceived misplacement of priorities by most developing countries at the initial phase of their oil exploration activities. Emphasis was on the risk management, expertise, and maximum production and economic benefits at the expense of learning and knowledge transfer.

2.4 Indigenous Petroleum Firms in Nigeria.

The recent and ongoing discovery and exploration of petroleum resources in commercial quantities across the world portends grave danger for economies like Nigeria that are not only oil dependent, but also depends on the West and emerging Asian tigers for expertise in managing and equipping various industrial sectors. The opening up of the oil industry for participation by Nigerian companies was meant not only to encourage and develop local skills, but also to check domination of the sector by foreigners (Ekpo, 2004; Nosike, 2017).

Price Waterhouse Cooper – PwC (2014) projected that by the end of 2019, the MNOCs operating in Nigeria would have sold at least 250,000 barrels per day (BPD) worth of equity in onshore and shallow water producing assets in the oil producing Niger Delta region. These divestments represent the single largest opportunity for indigenous firms to participate in the upstream petroleum industry. They opined that the transfer of operating licence to the buyers of these assets will go a long way in demonstrating government's commitment to the local content policy. This will in turn translate into strategic local contractor development; expand financing incentives, and other opportunities.

However, Nwokeji (2007) observed that a small number of indigenous companies engage in exploration and production operations on a sole risk basis. He noted that although statutory provisions had allowed for indigenous participation in all spheres of the industry in the context of private enterprise since 1960s, private Nigerian participation has been limited to small scale distribution of refined products in the downstream sector.

Today, asides the NNPC, which is government owned and its subsidiaries, indigenous firms in the upstream sector of the industry may be categorised according to their registration status i.e. listed and privately held firms. There are three listed upstream sector petroleum firms on the Nigerian stock exchange as at December 2018. They are Conoil Nigeria Plc., Oando Nigeria Plc. and Seplat Petroleum Development Company Plc. Nosike (2017) listed privately held firms as including;

Dubri Oil Ltd.; South Atlantic Petroleum (SAPETRO); Sahara Group; Famfa Oil; Equator Exploration Ltd.; Intels Nigeria Limited, Capital Oil and Gas, Oriental Energy Resources; Pan Oil Corporation Limited; Express Petroleum and Gas Ltd. and Atlas Petroleum International Ltd. Several other unverifiable petroleum firms also known as "*briefcase firms*" operate in the upstream sector, however with questionable credentials given rot that has pervaded the industry in recent years (Chikwem, 2014; Oyelaran-Oyeyinka, 2014).

2.4.1 Local Content Development

According to NNPC (2009), Local Content can be defined as "*the quantum of composite value added to, or created in the Nigerian economy through the utilization of Nigerian human and material resources and services in the exploration, development, exploitation, transportation, sale and processing of Nigerian crude oil and gas resources resulting in the development of indigenous capabilities, while encouraging foreign investment and participation, without compromising quality, health, safety and environmental standards*".

Specifically, to the O & G sectors, local content is a regulatory tool that seeks to review market failure, often associated with foreign dominance (Asiago, 2017). Local content requirements are mandates imposed by government on MNOCs to support the growth of an industry. As a regulatory requirement, the objective of local content is to effectively improve local participation through creating local jobs or building local capacities. The basis for such interventions is mainly to secure socio-economic concerns that improve the lives of citizens, and develop competencies which in turn upgrades the economy of a country (Asiago, 2017).

The development of the Nigerian content idea started with the enactment of the Petroleum Act of 1969 which contained a section on the protection for indigenous Nigerian companies on the basis of reciprocity. Over the years, the idea has been expanded to accommodate areas such as human capacity development, and operational strategies such as joint operating agreements (JOA) and the production sharing contract (PSC) between the Nigerian government and the foreign oil companies (Oyejide & Adewuyi, 2011). To buffer the indigenous participation drive, indigenous firms were encouraged with the initiation of the Nigerian content policy was made in 2005 by NNPC. This policy involves the issuance of directives by the Nigerian government on domiciliary of services; award of low-tech on-shore supply of goods and services to indigenous firms; and patronage of domestic sources of commodities (Oyejide & Adewuyi, 2011; Subai, 2014). The target of the government was to achieve 45 per cent local content in the petroleum sector by 2009 and 70 per

cent by 2010. This target was not attained due to reasons such as the absence of the legislation and lack of monitoring and supervision capacity by the NNPC (Oyejide & Adewuyi, 2011; Subai, 2014).

According to Oyejide and Adewuyi (2011), the Local Content Act of 2011 submits that, "*Nigerians independent operators shall be given first consideration in the award of oil blocks; oil filed licenses, oil lifting licenses and in all projects for which contract is to be awarded in the Nigerian oil and gas industry. In the bidding for any license, permit or interest and before carrying out any project in the Nigerian oil and gas industry, an operator shall submit a Nigerian content ('Plan') to the board demonstrating compliance with the Nigerians Content Act. Finally, the award of contract shall not solely base on the principle of the lower bidder; where a Nigerian indigenous company has capacity to execute such job, the company shall not be disqualified exclusively on the basis that it is not the lowest financial bidder, provided the value does not exceed the lowest bid price by 10 per cent*".

The petroleum sector also have its own consequences which include environmental degradation, security challenges and the inherent dangers of an oil monoculture economy (Smith, 2001). In spite of these consequences, crude oil exploration and exports remain a veritable source of income to Nigeria today. This fact has led to increasing government and citizen participation in the industry. Observably, this critical sector of the Nigerian economy has been dominated by multinational corporations while indigenous firms were left with little chances to benefit and contribute significantly to the sector over the years (Anyanwu, et al 1997; Nosike, 2017). According to Centre for Public Policy Alternative - CPPA (2014) there are plaudits for the divestments by international oil companies of Nigerian oil assets which have facilitated the growth of local content performance. This, they posited can be seen as a positive development for increasing the participation of indigenous players in the upstream sector of the industry. They however asserted that the quality of participation and the processes by which indigenous companies are chosen to participate in the sector requires careful observation. Ownership of oil blocks and mining licences allows the holder to prospect (OPL) or mine oil fields (OML) in Nigeria. CPPA (2014) reports that as at April 2013, the Department of Petroleum Resources placed the total number of oil blocks in Nigeria at 388, out of which 173 have been awarded - 90 to indigenous companies and 83 to MNOCs, while the remaining 215 are yet to be awarded.

2.5 Asset Management

According to Stevens (2008) management of assets in the contemporary technological age is the stimulus for optimal performance by making use of organizational assets the best possible way; putting into consideration that functional assets are required for manufacturing and/or production of goods and services. Asset management is related to the technical and human resource dimensions of assets and also information and production decision making (Nouara, 2015; Victor, 2007). Schuman and Brent (2005) opined that effective asset management can counteract the breakdown plants and machinery, consequently improving performance in the upstream sector oil operations. According to Stevens (2008), asset management is required in the following upstream sector operations; exploration, production, drilling, reserves, technology, and health, safety and environment (HSE).

The context of business environment wherein firms compete on the basis of non-financial factors; such as the petroleum industry; firms need information to constantly review how well they are performing across a broader spectrum of dimensions, including operational aspects (Stevens, 2008). Asset management as an important variable for measuring performance in the petroleum industry, with emphasis on oil operations (Victor, 2007; Stevens, 2008 & Nouara, 2015).

2.6 Theoretical framework- Dependency theory of Underdevelopment

This theory originated from the writings of Latin American economists such as Don Santos, C.; Frank, A. G.; Sunkel, O.; and Fortado, C. whose translations began to appear in English language in the mid-1960s and early 1970s. The dependency theory states that the dependence of less developed countries on developed countries is the main course of their underdevelopment. (Jhingan, 2016). According to Jhingan (2016), dependency is a situation whereby the economy of a country is conditioned by the development and expansion of another economy to which such a country is subjected. A dependent relationship between two or more economies occurs when some countries (the dominant ones) can expand and be self-sustaining, while other countries (the dependent ones) can only do this as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development (Jhingan, 2016). There are five main characteristics of the dependency theory. They include: dependence as a function of historical international process; prevalence of foreign capital; technological dependence; trade and unequal exchange and Dualism (Jhingan, 2016).

3. Methodology

This paper attempts to explore conceptual issues associated with multinational corporations and indigenous capacity development in the Nigerian oil and gas industry. The study therefore engaged survey research design in order to explore related issues and provide adequate interpretation for gathered facts (Pannerselvam, 2014). Data for this study was obtained from primary sources through the aid of a structured questionnaire. The targeted population comprised of indigenous middle and senior level employees in four listed indigenous firms in the upstream sector of the Nigerian oil and gas industry. The Slovin formular was used to estimate the sample size of 253. 260 copies of questionnaires were therefore administered, out of which 216 were found to be useful for the analysis representing valid response rate of 94%. The data were analyzed using descriptive statistics of simple percentage, mean and standard deviation and inferential statistics of linear regression. The hypothesis**:** *Expatriate dominance has no significant effect on Asset management competencies of the Indigenous firms in the upstream sector of the NPI,* was tested at 0.05 level of significance.

4. Findings and Results

Table 4. 1**:** Respondents perception on Expatriate Dominance (**ExD**)

S/N	**Statements**	**Frequencies/Percentages**						
		SA	**A**	**U**	**D**	**SD**	**mean**	**std.**
ExD1	Expatriates are required for successful upstream operations.	17 (7.9)	97 (44.9)	31 (14.4)	43 (19.9)	28 (13.0)	2.85	1.21
ExD2	Expatriate professionals in oil operations are given preferential treatment.	14 (6.5)	10 (4.6)	44 (20.3)	83 (38.4)	65 (30.1)	3.81	1.11
ExD3	Indigenous staff can explore oil fields independently without the use of expatriates.	21 (9.7)	7 (3.2)	74 (34.4)	88 (40.7)	26 (12.0)	3.42	1.07
ExD4	My firm is able to retain expatriate employees	38 (17.6)	89 (41.2)	26 (12.0)	33 (15.3)	30 (13.9)	2.67	1.31
ExD5	There is a significant level of knowledge transfer from expatriates in oil operations.	24 (11.1)	48 (22.2)	35 (16.2)	103 (47.7)	6 (2.8)	3.09	1.12

Source: Field Survey (2018).

The descriptive statistics concerning the respondent's perception on Expatriate dominance are shown in Table 4.1 above shows that the mean scores concerning the respondents' opinion ranges from 3.81 to 2.67 together with the standard deviation from 1.07 to 1.31.

Table 4. 2: Respondents perception on Asset Management (AM)

S/N	Statements	Frequencies/Percentages						
		SA	A	U	D	SD	mean	std.
AM1	My firm has the required capabilities to manage our exploration assets independently.	23 (10.6)	49 (22.7)	32 (14.8)	102 (47.2)	10 (4.6)	3.13	1.14
AM2	My firm has the required capabilities to manage our drilling assets independently.	33 (15.3)	38 (17.6)	37 (17.1)	103 (47.7)	5(2.3)	3.04	1.17
AM3	My firm has the required capabilities to manage our production assets independently.	18 (8.3)	33 (15.3)	68 (31.5)	50 (23.1)	47 (21.8)	3.34	1.21
AM4	My firm has the required capabilities to manage our reserves assets independently.	32 (14.8)	48 (22.2)	33 (15.3)	99 (45.8)	4 (1.9)	2.98	1.16
AM5	My firm has the required capabilities to manage our Health, Safety and Environment assets independently.	48 (22.2)	94 (43.5)	39 (18.1)	18 (8.3)	13 (6.0)	2.34	1.10

Source: Field Survey (2018).

The respondents' views on upstream asset management was presented in Table 4.2 above. The mean ranged from 2.34 to 3.34; the standard deviation ranges from 1.10 to 1.21.

Table 4.3: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	206.331	4	51.583	6.327	.000[a]
Residual	1720.317	211	8.153		
Total	1926.648	215			

a. Predictors (constant), Expatriate dominance

b. Dependent Variable: Operational Performance

Table 4.4: Results of hypothesis testing

Variable	Coefficient	Std. Error	T Stat	P>/t
Constant	7.285	2.942	2.476	.014
ExD	.125	.063	1.992	.048
F stat = 6.327 R= 0.72				

Table 4.3 and 4.4 above revealed the result of the test of hypothesis. Expatriate dominance exhibits a positive impact on operational performance with a coefficient of .125, this means that a unit increase in expatriate dominance will lead to a unit rise operational performance. Therefore, the formulated null hypothesis that expatriate dominance has no significant effect on operational performance of Indigenous firms is rejected (t = 1.992, p= 0.48). Based on the rule of thumb that, when $t_{tab} > t_{cal}$, the null hypothesis is not rejected and if otherwise, do not reject the alternate hypothesis. Hence, expatriate dominance has significant effect on operational performance of indigenous firms.

5. CONCLUSION AND RECOMMENDATION

Proponents of international trade and foreign direct investments believe that it offers developing countries the opportunity to develop and grow, while encouraging indigenous firms to be innovative. On the other hand, critics of international trade and foreign direct investments assert that there is the tendency for industry dominance by multinationals which weakens domestic and indigenous firms, as evident result of this study. This is consistent with the submissions of Aye (2017); Adewunmi and Adenugba (2010); Ihua (2010); Nwokeji (2007); and Fajana (2005). Aye (2017) reported that indigenous firms are affected by poaching activities of MNOCs. He submitted that after Indigenous Petroleum Firms must have spent huge amounts of money training and developing the skills and capacity of their employees, they are usually poached by the MNOCs. The finding further validates the dependency theory of underdevelopment as adopted in this study. Dependency was described in this study as situation whereby the economy of a country is determined by the development and growth of another economy to which such a country is reliant. A relationship is dependent when some countries (the dominant ones) can expand and be selfsustaining, while other countries (the dependent ones) can only do this as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development (Jhingan, 2016). The result of this hypothesis suggests that the relation is parasitic as far as human resource is concerned in the Nigerian petroleum industry.

This study concludes that expatriate dominance has significant effect on the asset management competencies of indigenous firms in the upstream sector of the NPI. In line with the finding of the study, the study recommends that in order to improve on the asset management competencies of indigenous firms in the upstream sector of the Nigerian petroleum industry, the Nigerian government should provide an effective regulatory environment for the development of indigenous capabilities in order to ensure sustainable development of the industry. The sustainable development of the sector depends largely on the local capabilities available.

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