CORPORATE PARENTING AND CORPORATE –LEVEL STRATEGY IN INTEGRATED OIL AND GAS INDUSTRY (A CASE STUDY OF THE NIGERIAN NATIONAL PETROLEUM CORPORATION)

By

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A Thesis Submitted in Partial Fulfilment of the Requirements of the University of Abertay Dundee for the Award of the Degree of Doctor of Philosophy

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I certify that this is the true and accurate version of the thesis approved by the examiners

Sign▮▮▮▮▮▮▮▮ ... (Director of Studies)   Date: ...*15/07/2005*

DEDICATION

This thesis is dedicated to the Almighty God
by whose words we are reminded to
search for knowledge and live.
This is therefore my contribution to the knowledge pool of corporate
organizations that seek to deploy creative corporate parenting and
corporate-level strategy in the knowledge-driven new economy.

ACKNOWLEDGEMENT

ABSTRACT

Corporate parenting and corporate-level strategy concepts are about value creation and gaining corporate advantage. This study will identify the successful world-class practices or ideals inherent in the literature, benchmark them with the currently embedded corporate parenting and corporate-level strategy practices in the Nigerian National Petroleum Corporation (NNPC) and highlight any gaps arising. To close the gaps, the study will suggest adoption of any identified non-existent ideals and effective practice of those currently present. Five research questions are explored in this study, namely: what world-class corporate parenting ideals are being practised in the corporate centre of the NNPC? What world-class corporate parenting ideals are non-existent in the corporate centre's management of the NNPC? What are the evidences that suggest that the strategic business units (SBUs) and corporate services units (CSUs) play their roles within the corporate parenting framework? What effects do the ideal corporate parenting practices bear on the corporate design of the NNPC? And what effect does government control over the NNPC have on its current corporate parenting and corporate-level strategies? The case study research strategy and subjectivistic research approach were deployed. An actual sample size of 181 respondents and two interviewees were deployed for the study. The research instruments used for the data collection were the semi-structured, self-completed questionnaire and semi-structured personal interview guides. The results showed that 73 ideals were being practised or present and 44 ideals were not being practised or existent in the corporate centre of the NNPC, the SBUs and CSUs were playing their roles within the corporate parenting framework and that corporate parenting practices had bearing on the corporate design of the NNPC. Also, that government's control of the NNPC was impacting negatively on current corporate parenting and corporate-level strategies. To apply the utilities of corporate parenting and corporate-level strategy in the corporation, a number of recommendations were made, which suggest the steps the corporation can take to create added value and gain parenting advantage to perform better than rival organizations in the oil and gas industry. The research findings can create awareness amongst staff and management of the corporation on the value potentials to be exploited through adoption of the tools embedded in the concepts. The Nigerian government can also appreciate the value its hands-on influence had destroyed in the corporate management of the NNPC. The findings led to further development of the existing corporate-level strategy framework as well as two models for the oil and gas industry. These, hopefully, can contribute to the literature on corporate parenting and corporate-level strategy and can also enhance best practices and policy formulation. The study can further serve as a reference document for operators in the oil and gas industry and academic researchers alike.

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LIST OF ABBREVIATIONS

BCG	Boston Consulting Group
CACG	Commonwealth Association for Corporate Governance
BSC	Balanced Score Card
CEO	Chief Executive Officer
Cm	Cumulative
COMD	Crude Oil and Marketing Division
CS	Corporate Services Directorate
CPDD	Corporate Planning and Development Division
CSLD	Corporate Secretariat and Legal Division
C&I	Commercial and Investments Directorate
CSU	Corporate Services Unit
CPSK	Centre for Petroleum Studies, Kaduna
CHQ	Corporate Headquarters
CSFs	Critical Success Factors
DCV	Dynamic Capability View
DMs	Deputy Managers
EDs	Executive Directors
EPCL	Eleme Petrochemicals Company Limited
E&P	Exploration and Production Directorate
E&T	Engineering and Technology Directorate
ETD	Engineering and Technology Division
F&A	Finance and Accounts Directorate
GHR	Group Human Resources Division
GMs	General Managers
GGMs	Group General Managers
GLD	Group Learning Department
GFAD	Group Finance and Accounts Division
GMD	Group Managing Director
GPAD	Group Public Affairs Division
GNPC	Ghana National Petroleum Corporation
GEDs	Group Executive Directors
GE	General Electric
HYSON	Hydrocarbon Services of Nigeria Limited
ITD	Information Technology Division
IT	Information Technology
IDSL	Integrated Data Services Limited
KRPC	Kaduna Refining and Petrochemical Company Limited
LNG	Liquefied Natural Gas Company Limited
LNG&P	Liquefied Natural Gas and Power Division
M	Mean
MDs	Managing Directors
Md	Median
MIS	Management Information Systems
MPR	Ministry of Petroleum Resources
NBDD	New Business Development Division

NOCs	National Oil Companies
NNOC	Nigerian National Oil Corporation
NNPC	Nigerian National Petroleum Corporation
NAPIMS	National Petroleum Investment and Management Services
NPDC	Nigerian Petroleum Development Company
NETCO	National Engineering and Technical Company
NGC	Nigerian Gas Company Limited
NLNG	Nigeria Liquefied Natural Gas Limited
NCD	Nigerian Content Division
NIDAS	Nigeria Daewoo Shipping Company
NIKORMA	Nigeria Korea Marine Transport Limited
NiPEX	Nigerian Petroleum Exchange
OECD	Organisation for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
OSM	Office for Strategy Management
PEST	Political, Economic, Social and Technological
P&G	Pension and Gratuity Division
PIMS	Profit Impact of Marketing Strategies
PPMC	Pipelines and Products Marketing Company Limited
PHRC	Port Harcourt Refining Company Limited
Prof.	Professional
Qualifcn	Qualification
RBV	Resource Based View
R&D	Research and Development Division
R&P	Refining and Petrochemicals Directorate
RED	Renewable Energy Division
SBU	Strategic Business Unit
Sd	Standard deviation
SG	Strategy Group
SCF	Standard cubit feet
SMS	Shell Manufacturing Systems
SPSS	Statistical Package for the Social Sciences
Und'd	Undecided
V	Variable
VRIN	Variability, Rarity and Imperfectly Non-substitutability
WRPC	Warri Refining and Petrochemical Company

CHAPTER ONE

INTRODUCTION

1.1   Background and Rationale for the Study

Since its formation in 1977, the Nigerian National Petroleum Corporation (NNPC) has

carried out a number of organizational restructuring for improved performance.   In

continuation of this practice, a general circular was issued to staff of the corporation on

the 30th of June, 2004 by the Group Managing Director (GMD).   This time, the circular

conveyed mandates from the Federal Government of Nigeria to the effect that the NNPC

should transform to meet the following objectives:

- Achieve improved levels of international competitiveness and sustainable

  profitability by expanding participation in the oil and gas industry and

  pursue effective deregulation;

- Grow Nigeria's oil reserves and production capacity to 4.5 million barrels

  per day by 2010 and obtain an upward review of national OPEC quota of

  gas production to an amount well over 187 trillion standard cubit feet

  (SCF);

- Monetise optimally Nigeria's considerable gas assets in the upstream

  sector;

- Improve Nigeria's human capacity and local material content in the oil

  and gas production; and

- Transit from an oil company status to integrated oil and gas company (NNPC, 2004).

These mandates placed enormous responsibility on the NNPC and demanded that the corporation transforms in all its corporate spheres. Hence, the NNPC realized that to meet the challenges posed by the mandates and compete in the global oil and gas industry, it must change its hitherto manual and value destroying business processes, improve its human resource capacity and competences, and increase its level of productivity. Further, it required a review of the present operational processes and organizational structure.

Predicated on the above, the researcher envisaged that a study on corporate parenting and corporate-level strategy can contribute to enhanced performance and efficiency, especially in the specific areas of value creation and corporate advantage at the headquarters. The researcher further believed that this can instigate strategic thinking and aid critical reflections. Corporate parenting is an evolving concept which seeks an alignment of competences, skills and resources of the corporate centre with opportunities in the strategic business units (SBUs). Its main thrusts are value addition and achievement of a step-ahead performance by corporate organizations through their headquarters or corporate centres (Goold, Campbell and Alexander, 1994). Corporate parenting embodies all levels of management at the corporate centre that are not directly involved with physical business operations but by their strategic nature do incur costs. Corporate-level strategy on the other hand is concerned with the organisation's overall

purpose, level of operations and expectations of stakeholders (Goold, Campbell and Alexander, 1994).

1.2   The Research Problem

Arising from the expectations of the Government and the awareness by the NNPC's management that something urgent needed to be done, the management in 2004 engaged Accenture and Shell Manufacturing Systems (SMS) to look into the management processes of the corporation, identify the gaps and proffer workable solutions (NNPC, 2004). This was to complement the earlier works carried out by some other consultants engaged by the corporation, whose findings had also indicated value destroying activities (NNPC, 1999). One major finding always flagged in the reports of the consultants had been government's interference which incidentally has become a major issue for the Organization for Economic Co-operation and Development (OECD) as well as the Commonwealth Association for Corporate Governance (CACG). These two organizations are pressure groups that highlight the negative impacts of government interference on public corporations. Incidentally, the NNPC is also a public corporation (NNPC, 2004, 2008).

Value creation and gaining parenting advantage from the corporate centre are concepts that work against performance and profitability inhibitors in all their forms: be they political, social, economic, cultural or organizational. These dimensions present problems. As an organization in transition, the NNPC's problems can be seen as 'developmental' (Eni, 1996). Eni (1996) explained that development problems appear in

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the form of difficulties or obstacles which block the achievement of desirable goals. Problems can therefore be mirrored in the NNPC judged against the mandates given by the government, which implied that the way the corporation is run appears counter productive to its subsisting objectives and present some corporate management value destruction gaps that require being analyzed and evaluated vis-à-vis the performance levels of other successful organizations. This study's research problems therefore revolve around the proposition that the corporate centre of the NNPC does not appear to create enough value for the SBUs and CSUs, and the corporation does not appear to be a step-ahead in class of other competing national and international oil companies with regard to positive corporate outcomes.

1.3   The Research Questions

Following from the research problems stated above, the under-listed research questions are posed:

- What world-class corporate parenting ideals are being practised in the corporate centre of the NNPC?

- What world-class corporate parenting ideals are non-existent in the corporate centre's management of the NNPC?

- What are the evidences that suggest that the SBUs/CSUs play their roles within the corporate parenting framework?

- What effects do the ideal corporate parenting practices bear on the corporate design of the NNPC?

- What effect does government control over the NNPC have on its current corporate parenting and corporate-level strategies?

1.4 Aim and Objectives of the Study

The main aim of the study is to create awareness of the world-class value creating best practices of corporate parenting and corporate-level strategy in the various management levels of the corporate centre and SBUs of the NNPC. In doing this, the ideals that can foster parenting advantage or best in class performance are synthesized for benchmarking with the *status-quo* in the NNPC. The results of the study indicate gaps and offer recommendations as to how such gaps can be closed. The objectives of the study are to make attempts to answer, through data gathered and subsequent findings, the five research questions posed for the study and make recommendations for practice improvement to the NNPC and other national and international oil and gas organizations; and further ignite an interest in the entrenchment of issue-based researching that can continuously draw the public corporations along the path of incisive and sustained holistic corporate development. In other words, this study attempts to:

- Identify the world-class corporate parenting ideals that are being practised in the corporate centre of the NNPC.

- Identify the world-class corporate parenting ideals that are not practised in the corporate centre's management of the NNPC.

- Show evidences which suggest that the SBUs/CSUs are playing their roles within the framework of corporate parenting.

- Show the effects which the ideal corporate parenting practices bear on the corporate design of the NNPC.

- Show the effect that government's control has over the NNPC's current corporate parenting and corporate-level strategies.

Also, this study seeks to contribute to better corporate parenting of contemporary business organizations in the dynamic oil and gas industry. Drawing insights from other related works, the study further attempts to connect concepts, expand existing framework and develop new models. And since this process is procedural, the new tools can be deployed for practice improvement both in the NNPC and other similar oil and gas organizations.

1.5 Scope and Significance of the Study

The study covers the entire NNPC which is run through six (6) directorates, eleven (11) SBUs and 24 corporate services units (CSUs). There are about 10,000 employees in the NNPC (NNPC, 2008). The study's population is 2,550 consisting of management staff from the GMD to Deputy Managers including chief officers. The corporate centre alone has 787 employees of the study's population. The target sample is 276 employees at the management and chief officers' levels. In addition, two Group General Managers involved with Strategy are interviewed.

The NNPC as an important player in the oil and gas sector and now being deregulated is expected to engage in competition and so needs to strategize for growth and sustainability. To deregulate and transform its business processes, systems and procedures in order to implement the mandates of the government, there needs to be informed knowledge on corporate strategy formulation, choice, implementation and monitoring in line with government's contemporary thinking and world-class ideals. It is the responsibility of the corporate parent to deal with the emanating policy issues and

initiatives. Research knowledge in sustainable dynamics has therefore become expedient. As the industry leader and parent in the oil and gas industry in Nigeria, other oil and gas organizations look up to the NNPC for leadership in world-class value creation best practices. The NNPC is seen as the counterpart of other national oil and gas corporations (i.e. Petronas and Petrobras). So as industry leader in Nigeria, it is expected to benchmark with these national and international oil and gas organizations. The findings of this study can be generalized to other national oil and gas corporations because the operational conditions and terrains may not be fundamentally dissimilar.

The contemporary practices, that corporate parenting can offer, are in line with the desire of the NNPC to restructure into a holding company, manage its strategic businesses as distinct portfolios, focus on profitable commercial activities and gradually withdraw from regulatory activities and become a world-class result-oriented oil and gas corporation. These can be achieved by operating appropriate processes and procedures, adopting new corporate governance principles to improve speed of decision making, and enhance collective accountability. Further, the transformation initiative can give impetus to the implementation of the renewable energy and Nigeria's local material content business plans, gas monetization and direct retailing of petroleum products. These projects, as can be reasoned, require renewed deliberateness in the application of corporate parenting practices and corporate-level strategies.

The results of the study aim to heighten the NNPC's management awareness of the organizational usefulness of corporate parenting practices and the need to optimally

entrench them to drive value addition further and sustain strategic parenting advantage over similar competing corporate managements in the oil and gas industry. It can further serve as a corporate parenting and corporate-level strategy reference material for the Nigeria's oil and gas industry and academic researchers alike. Its findings and recommendations can contribute in the formulation of new strategies and provide workable management tools that can make the NNPC and other similar organizations better value creators and corporate parents as well as better corporate-level strategists.

1.6   The Conduct of the Study

In conducting the study, the researcher deployed the *a posteriori* or subjectivism research approach. This was so because it allows issues of attitudes and preferences to be properly expressed. Also, to allow for the application of descriptive statistics to analyse the data from the questionnaire, the *a priori* or positivism approach was deployed in order to achieve a methodological triangulation. The study is therefore, by design, qualitative in nature but as well, quantitative.

In conducting the research also, data was collected through the methods of semi-structured self-completed questionnaire, semi-structured interview guide, observation and documentation. The questionnaire and interview guide were pretested for reliability and validity before their subsequent deployment for data collection. The study sample was 276 with actual response rate of 181 (65%). The convenience sampling technique was deployed to largely select the sample.

To analyse the data, the SPSS was deployed because of its inherent mathematical and statistical capability and flexibility. The SPSS was used to analyse the data generated from the questionnaire. The interviews were tape-recorded, transcribed into notes and appropriately incorporated in the analysis and discussion.

1.7   The Structure of the Thesis

This thesis is structured into eight Chapters. Chapter One contained the introduction to the research study. In it was explained why the study of corporate parenting and corporate-level strategy is to be undertaken. It was indicated in the Chapter that the NNPC is the unit of the study. Sectionalised and explained were the background and rationale for the study, the research problem; the research questions; the aim and objectives of the study; the conduct of the study; and finally the scope and significance of the study.

Chapter Two is a description of the literature that analyzes the concepts of corporate parenting and corporate-level strategy. It contains discussions on the concepts, origins and meanings; features; perspectives; value creation and parenting advantage, including signals on themes presupposed as value creators. This Chapter is also about the theoretical background of the study to boost understanding and evaluation.

Chapter Three is about the review of literature on the theoretical analysis of the world-class ideals and roles of corporate parenting and corporate-level strategy. It also contains an explanation of the organizational roles of the SBUs and CSUs, including the

organizational designs and their impacts on corporate parenting and corporate-level strategy. The Chapter provides some bases for appraising the roles of the SBUs and CSUs, including the organizational design.

Chapter Four is on the features and historical perspectives of Nigeria and the NNPC, leadership, and organizational structure and shows an indication of the corporate parenting and corporate-level strategy practices inherent in the corporation. In this Chapter, is shown also how government's influence over public enterprises impacts on parent manager's strategic thinking processes.

Chapter Five presents the methodology adopted for the study. The interpretivistic philosophy based on the *a posteriori* research approach is explained alongside the case study research strategy. The philosophy of 'positivism' or 'objectivism' is also explained. Moreover, the Chapter incorporates the research strategy and approach, research methods used, sampling techniques, pilot study conducted, and discusses some ethical issues related to the study. These design components are used to justify the credibility, validity and reliability of the study.

Chapter Six embodies data presentation and analysis. The questionnaire data and the interview data are presented and analyzed. In this Chapter are included the study's demographic data, research questions, and summaries from interviews. These are done with a view to providing answers to the research questions, deducing findings, and testing the viability or otherwise of the study.

Chapter Seven presents the study's discussion based on the findings from the NNPC's practices and literature on corporate parenting and corporate-level strategy. The discussion of findings provides bases for acceptance or rejection of theoretical propositions and further leads to the development of expanded framework and new models that contribute to the corporate parenting and corporate-level strategy knowledge pool.

Chapter Eight provides a summary and conclusion of the study. It covers a brief review of the main themes, a reconsideration of the research objectives and an explanation of the study's contribution to knowledge in theory and practice. It also describes the implications of the study results and makes some recommendations for the NNPC management and policy makers. Finally, the limitations of the study are explained and suggestions for further research are made. Such suggestions for further research serve to encourage a continuum in new knowledge creation.

CHAPTER TWO

CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGY: A CONCEPTUAL ANALYSIS

2.1 Introduction

This literature review is intended to provide an understanding of the origins and meanings of strategy and corporate-level strategy. The concepts and perspectives of corporate parenting and corporate-level strategy, related theories and studies are explained and discussed. This review attempts to locate the world-class ideals embedded in the relevant theories for subsequent benchmarking. Also, it critically compares, contrasts and evaluates the various rationales and schools of thought appertaining to the concepts of corporate parenting and corporate-level strategy without predicting judgement.

For the purpose of this study, 'world-class ideals' are described as widely recognised functions or activities critical to the survival of successful business organizations, not as the 'perfect but imaginary' denotation conveyed by the word (Bloomsbury, 2002). Also, 'world-class organizations' are businesses ranked amongst the best in the world, for instance, the Fortune 500 companies and their likes that consistently deploy world-class best practices (Goold *et al.* 1994).

2.2 Origins and Meanings of Strategy and Corporate-Level Strategy

Epistemologically and ontologically 'strategy' was derived from the Greek word *strategos or strategia*. It was a word borrowed from the military to the business arena.

Strategos means an 'army', or more properly defined, an encamped army *spread out* over ground (Cummings, 1993:133-135). In Cummings' (1993), strategy was defined as all gained by a commander. The 'gain' could be characterised by foresight, advantage, enterprise, or resolution. This study specifically identifies with 'gain' resulting from 'advantage'.

The dictionary.com defines strategy as a plan, method, or series of manoeuvres or *strategems* for obtaining a specific goal or result. This definition appears to have influenced Ohmae (1982) to posit that strategic knowledge can be developed from the 'mind of the strategist' or from insight. 'Manoeuvring' appears to be a product of the mind as well. It therefore follows that conceptual strategic thinking draws from 'vision' and 'mission' for the purpose of achieving targets. 'Strategy' has been variously defined by several authors, but no single definition has been accepted as all encompassive.

Therefore, the developmental process of strategy has come with several tools to aid strategy formulation, evaluation and implementation (Clark, 1977; Webster *et al.*, 1989; Kaplan and Norton, 1992; Epstein and Marzoni, 1998; Jarzabkowski, 2004; Whittington, 2004; Ghamdi, 2005; Jarzabkowski and Wilson, 2006; Neely and Al Najjar, 2006 and Hodgkinson *et al.*, 2007). Some of the tools are: visioning, value chain, SWOT analysis; soft systems methodology; sensitivity analysis; scenario planning; risk analysis; resource-based planning; portfolio matrix; Porter's five forces; profit impact of marketing strategies (PIMS); PEST analysis; gap analysis; gaming; economic forecasting; Delphi technique; decision tree analysis; cost benefit analysis; corporate modeling; core

capabilities; contingency analysis; cognitive mapping; balanced score card (BSC); and benchmarking. These tools aid corporate parents and corporate-level strategists to be more efficient and effective (Tapinos *et al.*, 2008). The complexity of strategy tools also explains the reason why there is no just one single way of solving strategic problems or looking at corporate parenting issues.

The development of strategy was also traced by Whittington (1993). The period covered was from the 1960s to the 1990s. For example, in the 1960s strategy was conceived to be in the 'classic' era. In the 1970s it evolved into the 'processual'. In the 1980s it became 'evolutionary' and in the 1990s, 'systemic'. In the 2000s strategy has reportedly become 'creative'. The trend and views indicate the developing and descriptive nature of strategy and succeed in presenting a variety of ways in which strategy is being deployed.

On the origins of corporate-level strategy, Goold, Campbell and Alexander (1994) traced them to the 1950s when functionalisation and later divisionalisation were the concepts in vogue. During this period, organizational resources were distributed according to functions and business units. The organizations grew and the need for diversification arose in the 1960s. Thereafter, balanced portfolio became popular in the 1970s and restructuring in the 1980s. Portfolio management for optimization of value creation developed in the 1990s. It was between the 1980s and the 1990s that the concept of parenting advantage was advocated, championed and strongly canvassed by Goold *et al.* (1994). These academics and consultants were directors of the Ashridge Strategic Management Centre in London.

In the 21st century, strategy reportedly has been considered a process of learning and has been associated with the knowledge-driven economy tending towards art, photography, concept mapping and technology for best practices. This view provides the 'creativity' theme for the framework that is developed in this study.

The origins of corporate-level strategy were traced to strategy (Steiner, 1979). In this respect, Steiner (1979) was also perceived as the key figure in the origins and development of strategic planning (Nickols, 2000). Steiner (1974) pointed to some of the definitions in use, which were:

- Strategy is that which top management does that is of great importance to the organization.

- Strategy refers to basic directional decisions, that is, to purposes and missions.

- Strategy consists of the important actions necessary to realize these directions.

- Strategy answers the questions: What should the organization be doing and what are the ends organizations seek and how should the organizations achieve them?

From these definitions, the functions inherent in corporate-level strategy can be deduced. For instance, the above statement from Steiner, 1974 that "strategy is that which top management does that is of great importance to the organization" appears to show the origins of corporate-level strategy. It is corporate-level strategy, in modern day terms, that is specifically concerned with top management. Top managements are resident at the

corporate centres. It is top management that makes the directional decisions concerning purposes and missions of the corporate organization. It is also in the purview of corporate-level strategy to decide what the organization should be doing, and so forth. Wit and Meyer (2004) describing the origins and meanings of corporate-level strategy stated that it is concerned with choosing an optimal set of businesses and determining how such businesses should be part of the corporate whole. This description shows clearly too that corporate-level strategy encapsulates business-level strategy and the corporate parent. The selected optimal set of businesses is the business units in the corporate portfolio, whilst the responsibility of business selection and determination of how the businesses should be integrated is vested in the corporate headquarters. The distinction therefore between strategy and corporate-level strategy is not too clear. Sometimes the terminologies are applied interchangeably. Corporate-level strategy is explained more in Section 2.3. Meanwhile, to elucidate on the above, the more prevalent forms of strategy are explained and discussed, including the schools of thought.

2.2.1 Forms of Strategy

Mintzberg (1994) pointed out that scholars apply strategy in several different ways but that four major forms are always highlighted. The strategy forms are: plan, pattern, position and perspective. To him, strategy is a plan because it shows how a business can move from one setting to another; it is a pattern because the business can decide a particular market segment for its products; it is a position because a business can decide to offer particular products or services in a particular market. It is a perspective because it encompasses the business visions and direction. The freedom to select either of the

forms implies that a business is at liberty to choose what particular form to start from. Whatever outcome though can be reflected in future decisions and actions. The four forms of strategy developed by Mintzberg (1994) appear to have been based on the postulations of Andrews (1980). Andrews (1980) developed three strategy forms: pattern, plan and perspective and went on to make distinction between corporate strategy (which determines the businesses in which a company will compete) and business strategy (which defines the basis of competition for a given business). It appears this distinction provided the insight on the strategy form of 'position' which Mintzberg (1994) added. Porter (1996) appears to have also supported the strategy form of 'position' when he developed his 'competitive strategy', which is about being different in business offerings. Porter (1996) brought the idea of competitive position alive. For instance, he conceived competitive strategy as a make up of the goals for which the organization is driving at and the policies by which it is striving to get there. This by implication encompasses the strategy forms of 'plan' and 'position'.

Tregoe and Zimmerman (1980) appear to have supported the strategy form of 'perspective'. They see strategy as the framework which directs choices that determine the nature of organizations. This suggests that organizations need to be perspectival in order to wisely choose products or services. Treacy and Wiersema (1993) also appear to have supported the strategy form of 'position' when they asserted that organizations attain leadership positions by reducing, not extending their business focus. They identified three value disciplines: operational excellence, customer intimacy and product leadership. Operational excellence encompasses world-class marketing, manufacturing,

and distribution processes. Customer intimacy brings the customer closer and encourages him to establish a long term relationship whilst product leadership motivates the market-centred R&D, and enhances organizational flexibility. These strategy forms in themselves are not sacrosanct. Many more forms can be discussed.

According to Grundy (1997) there are five forms of strategy: deliberate, emergent, submergent, emergency and detergent. Earlier, Ginsberg (1988) had moved from strategy to strategic management. He stressed that strategy is largely an issue of environmental change and organizational adaptation. Two issues emerge here: environmental changes being products of strategic analysis and organizational adaptation being an issue of strategic implementation. In a further study, Mintzberg (1998) approached 'strategy' as a plan, ploy, pattern, position and perspective, thereby increasing the strategy forms to five as against the four in his earlier study. This enhanced approach sees strategy as a first level activity, not an end in itself. Liedtka (2000) used the metaphor 'design' for strategy form and went on to discuss models of the design process. He perceived strategy as a process of clear cut functions. There appears to be some cognitive semblance between Grundy (1997) 'deliberate' and 'emergent' forms of strategy and the 'design' metaphor used by Liedtka (2000) to describe strategy form because they presuppose antithesis, thesis and synthesis. From the different forms of strategy, the approaches to the learning of strategy and by extension corporate parenting have ignited a renewed interest to develop, formulate and organize knowledge incrementally through the case study methods by applying the deductive and inductive logical reasoning approaches. Hence, the strategist's 'worldview' has become very important in order to contribute to the pool

of knowledge in the field of management. Mason and Mitroff (1981); Liedtka and Rosenblum (1996) and Liedtka (2000) corroborated that the strategist's 'worldview' is also important in the evolvement of strategy, for which reason perhaps Arnheim (1992) had to argue that the strategist begins with a centre, an axis, a direction, and that the situation develops and later brings sophistication to the process. This sophistication, he believed, makes strategy ambivalent. The views on ambivalence are also supported by other studies (Andrews, 1980; Tregoe and Zimmerman, 1980; Treacy and Wiersema, 1993; Mintzberg, 1994 and Porter, 1996).

2.2.2 Strategy Schools of Thought

Mintzberg *et al.* (1998) contributing to the development of strategy had identified the following schools of thought which were specific to strategy formation: design; planning, positioning, entrepreneurial, cognitive, learning, power, cultural, environmental, and configuration. They explained that the design school of thought as a process of conception sought to achieve a fit between internal and external factors. The planning school of thought as a formal process sought to focus on planning, objectives, programmes and budgets. The position school of thought as an analytical process sought to focus on industry analysis and generic positions. The entrepreneurial school of thought as a visionary process focuses on leadership and intuition. The cognitive school of thought as a mental process focuses on managerial cognitions at the origins of strategy. The learning school of thought as a process focuses on emergent themes. The power school of thought as a process of negotiation focuses on power, conflict and bargaining. The cultural school of thought as a collective process focuses on the social and integrated

nature of strategy that is rooted in culture. The environmental school of thought focuses on how environmental forces influence and constrain managerial choice. The configuration school of thought focuses on related strategies, the organization and systems and the problems of organizational transformation. The configuration school of thought, however, appears more central to the researcher's unit of study and therefore form part of the corporate parenting framework to be developed.

2.3 Concepts of Corporate Parenting, Corporate-Level Strategy and Corporate Strategy

There are different descriptions and perspectives of the concepts of corporate parenting, corporate-level strategy and corporate strategy. To aid clarity, some examples of such descriptions or definitions appearing relevant to this study are given below.

2.3.1 Corporate Parenting

Corporate parenting is a metaphor deployed to describe how the headquarters of corporations efficiently and effectively control and coordinate their business units for superior performance through the tools of value creation and parenting advantage. Corporate parenting can therefore be likened to the natural parent who ensures that offspring are well brought up to be responsible and accountable. Lewis *et al.* (2004) observed that parenting metaphor describes the generic relationship that exists between somewhat mature businesses and younger offspring. They perceived the offspring as working for the parent, but can also operate in their individual forms or markets.

According to Johnson and Scholes (1999), corporate parenting is the drive for a fit between the skills of the corporate centre and the strategies of strategic business units (SBUs) for business-level value addition. Goold *et al.* (1994), the crafters of the terminology, described it as the nature of relationship between a headquarters and the individual businesses within the corporation. Earlier, they succinctly explained it as the composite levels of management at the headquarters that do not functionally attend to customers and directly make profits (Goold *et al.*, 1988).

Whilst Johnson and Scholes (1999) and Lewis *et al.* (2004) appear to share some common grounds in that they recognized a centre and dispersed businesses, Goold *et al.* (1988) emphasized on the levels of management at the corporate centre that are not involved with the actual production of goods and services. It appears that the definition of Goold *et al.* (1988) is contextual to the United Kingdom and the United States because they researched world-class companies in these international geographical zones. It does not acknowledge the context of the developing world, where it is reported, for example, that divisions or groups which represent profit centres were becoming part of the corporate parent in some corporations (NNPC, 2008). However, on a separate note, the definition in Johnson and Scholes (1999) does not appear to recognize that corporate centres comprise more than just 'skills'.

Following from the foregoing debate, Lewis *et al.* (2004) seem to be more utilitarian to the researcher's unit of analysis because it encapsulates the morphology of corporate parenting more vividly. It establishes a relationship between goal setting corporate

parent, and mature and immature SBUs/CSUs. The different meanings attached to corporate parenting explain the perspectival standings of the individual authors and scholars.

2.3.2 Corporate-Level Strategy

Following an earlier discussion, it has been pointed out that Wit and Meyer (2004:297) had described corporate-level strategy as: "selecting an optimal set of businesses and determining how it should be integrated into the corporate whole". They situated the elements of 'set of businesses' and 'integration' in what they called 'corporate configuration'. Then, the 'organization system appropriate to run the portfolio' they situated as 'corporate management', implying therefore that corporate-level strategy embraces co-ordination and synergy.

The issue of selecting optimal set of businesses triggered the Boston Consulting Group's (BCG's) portfolio matrix and the General Electric Business's Screen which demonstrated corporate business scope and composition (i.e. which portfolio of businesses to pursue). The corporate strategist through this expresses his/her intention to create value. In this respect, Porter (1987) perceived corporate-level strategy in the light of how the corporate whole aggregates to more than the sum of its SBUs. Corporate-level strategy characteristics are also concerned with major acquisitions, divestments, restructuring (including write-offs), plant closings and consolidations. Others are: takeovers, re-organizations, joint ventures and licensing agreements, decision making elements of the

chief executive officers, board of directors, formal planning systems, consultants, and investment bankers (Goold *et al.*, 1994; Wit and Meyer, 2004 and Lewis *et al.*, 2004).

Corporate-level strategy is influenced by 'business formation' bases. Businesses can be publicly or privately owned. If they are public organizations established by government, then their strategy in most cases are heavily belied by political powers acting behind the veil (Fubara, 1982; Ramanadham, 1986). Strategies adopted in public and private sectors or services are expectedly diametrical or bi-polar, especially in the developing countries (Fubara, 1982). To a great extent, enterprise value creation or destruction is affected by business formation bases. However, Johnson and Scholes (1999) argued that whether the corporation is public or private, the model of strategic management still served good.

Also, another influence on corporate-level strategy is 'strategic decisional levels'. It is argued that strategic decisions are made at different levels in the corporate organizations (i.e. at the corporate-level, business-unit level and at the operational level). The corporate parent determines this essentially from the corporate headquarters (Goold *et al.* 1994). Earlier, Goold and Campbell (1987) had distinguished three general corporate centre-based control styles dwelling on different levels: centralization, co-ordination and standardization. They argued that corporate centre and SBU relationship was facilitated through the different levels. Ghoshal and Mintzberg (1994) described the 'control styles' as managing the centripetal and centrifugal forces in the total organization. They observed that achieving synergy and pulling the firm together were 'centripetal' and being responsive to business demands was 'centrifugal'.

On another level, it is the corporate parent that develops the heartland of businesses, including corporate international businesses. These are part of the corporate-level strategy ideals. Financial decisions are made too at the corporate level to determine transfer pricing rates as well as benchmarking of competitors' business performances. At the corporate level, stakeholders including financial institutions are catered for. It is at this level, information and communication are provided as and when required in a co-ordinated manner to interested internal and external parties. Stakeholders cannot be expected to relate on a one-to-one manner with the respective SBUs comprising the corporate entity. In corporate arrangement, debt or equity funds cannot be arranged by the SBUs or CSUs themselves, it must be arranged through the corporate parent (Ghoshal and Mintzberg, 1994).

Further, Johnson and Scholes (1999:286-288) pointed out that "a major issue is the extent to which the SBUs within a corporate portfolio mutually reinforce each other, are balanced, and are compatible with corporate skills and aspirations". They noted that corporations with a portfolio of businesses face two corporate-level decisions: what businesses to include in the portfolio and how to manage or interact with these businesses. Whilst what businesses to include in the portfolio pinpoints us to the 'attractiveness' or 'growth' possibilities of the total organization, 'synergy' pinpoints us to how these businesses interact in a 'fitting' manner. These ideas coincidentally introduce us to the issue of 'directional policy matrix' which theoretically positions SBUs according to how attractive the relevant market is, in which the SBUs are operating and the competitive strength of the SBUs in that market. The inkling behind this matrix is

that businesses with good opportunities are grouped together and others with lower opportunities are also grouped. The corporate centre is now left with the decision as to which businesses to sustain or divest. To clarify the decisional role, Wit and Meyer (2004:297) recommended that corporate strategist must decide where to allocate resources, build up activities and try to achieve marketing advantage. They explained that 'corporate scope' is about the business components and 'corporate distribution' is about business areas and size of activities.

2.3.3 Corporate Strategy

Some authors and scholars have treated corporate strategy separately from corporate-level strategy, adopting corporate-level strategy as a subset of corporate strategy. For instance, Andrews (1987) defined corporate strategy as the pattern of decision involving company objectives, purposes, or goals, principal policies; plans; range of business the company is to pursue; its intended economic and human organization as well as its intended economic and non-economic contribution to internal and external stakeholders. This definition smacks some semblance with the definition given by Wit and Meyer (2004) on corporate-level strategy.

Also, some authors and scholars perceive corporate strategy as a sub-set of strategic management. In the features of Raymond and Charles (1978) cited in Ketchen (2003), it was presupposed that strategic management deals with three levels of strategy: corporate-level strategy; business-level strategy; and functional-level strategy. The definition of Andrews (1987) again covers for all the variables in Raymond and Charles

(1978).   Moreover, Segav (1987) interrelating the strategy web argued that at the corporate level, strategy is the selection of product markets, or industries; and allocation of resources at the business level. This position connotes therefore that the competitive tools used to give an organization its 'distinctive competence' depends on task environment characteristics and at the functional level the values that are added to the activities to support the business-level strategy. At the corporate level, decision making is more process-oriented than task-oriented.

On another front, Wit and Meyer (2004:72) looking at the strategy framework or process broke down corporate strategy into three key areas: formulation or analysis; choice (the core of corporate strategy); and implementation. They argued that "corporate strategy is an organization process, in many ways inseparable from the structure, behaviour, and culture of the company in which it takes place." They added that the combination of resources and competence is most crucial to corporate strategy success as well as the role of personal leadership. Segav (1987) and Wit and Meyer (2004) both touched on the critical 'core-competence' variable in corporate management. Howbeit, there has been no one straight position taken by these authors and scholars on the meaning of corporate strategy. The term also appears ambivalent.

In order to reduce the confusion surrounding the definition of corporate strategy, Wit and Meyer (2000:71) proposed that strategists should always construe a strategy summary statement because it:

"will characterise the product line and services offered or planned by the company, the markets and market segments for which products and services are now or will be designed, and the channels through which these markets will be reached. The means by which the operation is to be financed will be specified, as will the profit objectives and the emphasis to be placed on the safety of capital versus level of return. Major policy in central functions such as marketing, manufacturing, procurement, research and development, labour relations and personnel, will be stated where they distinguish the company from others, and usually the intended size, form, and climate of the organization will be included".

Also, Kaplan and Norton (2005) proposed ways of reducing the confusion surrounding the corporate strategy as they highlighted an emerging dimension to sharpen the strategic focus of organizations. This dimension is the Office for Strategy Management (OSM). They perceived the OSM as the chief executive officer's (CEO's) chief-of-staff (COS) and co-ordinator of an array of tasks. The OSM communicates the corporate strategy; ensures enterprise-level plans are translated into the plans of the various units and departments and executes strategic initiatives to deliver on the grand design. It also aligns employees' plans for competency development with strategic objective, tests and adapts the strategy to stay up to speed with competition. However, Kaplan and Norton (2005) argued that the OSM does not do all the work, but it facilitates the processes so that strategy is executed in integrated fashion across the enterprise.

Following from the above perspectives, it appears that the dichotomy between corporate-level strategy and corporate strategy is in semantics. As has been seen, the definitions and functions under both are similar and overlapping. The terms appear to mean the same thing and henceforth corporate-level strategy is the preferred term adopted for the rest of the review and discussions.

2.4 Features of Corporate Parenting and Framework of Corporate-Level Strategy

In this Section the features of corporate parenting and framework of corporate-level strategy are discussed. Moreover, the Section covers the relevance of the concept of corporate parenting on bases of value optimization for stakeholders, adoption of parenting advantage thinking in establishing heartland businesses, transacting with alternative fund providers and encouraging hands-on or hands-off management through decentralization contracts.

2.4.1 Features of Corporate Parenting

In the recent times, so much value destruction and knowledge gaps created have been attributed to corporate headquarters' insensitivity to organizational practices that are not sharply focused. These brought to question the justification for multi-business organizations vis-à-vis the value gap theory. Value gap theory had propounded that a company's total market capitalization should not be less than the aggregate value of its business units, should they break up and be individually valued. Premised on this theory and seeking grounds for justification of the multi-business organization, Goold *et al.* (1994) conducted research and based on empirical findings, advocated the corporate parenting concept, which is currently still evolving. Corporate parenting is practiced through the corporate parent. The corporate parent is personified through the corporate hierarchy which consists of the headquarters, groups and divisions in the multi-business organization. It does not include the businesses outside the corporate centre. The corporate parent intermediates between the business units and stakeholders and makes corporate-level strategy decisions. Some of the companies that were researched by

Goold *et al.* (1994) are in the table below. The table shows salient information on the organizations' scope, sales, profits and employees. These organizations are classified as world-class and described as models.

Table 2.1: Examples of Multi-business Companies

S/No.	Company	1993 Sales ($US million)	1993 Profits ($US million)	1993 Employees (thousand)
1	Asea Brown Boveri	28315	2181	206.5
2	Banc One	7227	1699	45.3
3	BTR	14658	2159	128.5
4	Canon	16394	880	64.5
5	Cooper	6274	725	49.5
6	Dover	2484	268	20.4
7	Emerson Electric	8174	1231	71.6
8	General Electric	60652	13564	222.0
9	Grand Metropolitan	11870	1529	102.4
10	Hanson	14640	1524	71.0
11	3M	14020	1956	86.2
12	RTZ	7233	684	60.0
13	Shell	95025	8916	117.0
14	TI Group	2090	207	24.0
15	Unilever	41794	3135	294.0

Source: Goold, Campbell and Alexander (1994), Corporate-Level Strategy, p. 9

The corporate parenting concept focuses on how the headquarters of multi-business corporations create value and gain parenting advantage. Parenting advantage aims for corporate headquarters to be the best possible corporate parents for their businesses. This connotes that the businesses must be better managed by the corporate parent than by the individual local managers, otherwise the businesses should be ceded to other better rival corporate parents. Goold *et al.* (1994) further explained that the relationship between parenting advantage and corporate strategy closely corresponds with the relationship between competitive advantage and business-level strategy. They powerfully argued that

parenting advantage should be the major test for judging corporate strategies and it should as well be the guiding principle for corporate-level decisions.
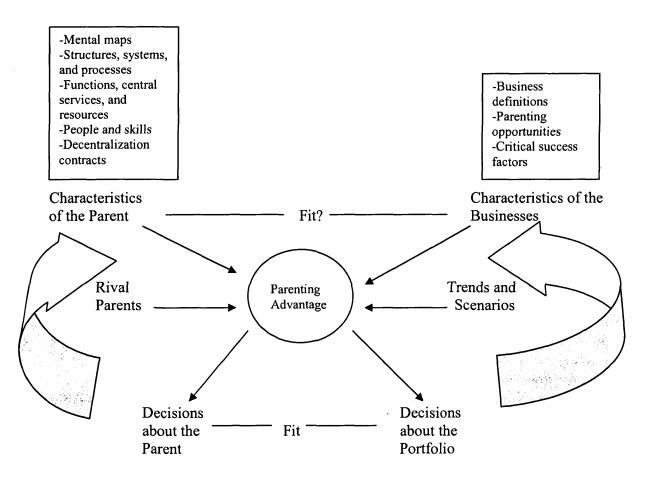
The fundamental features of corporate parenting are therefore value creation and parenting advantage. The features of value creation are partially summed up in the assertion that the business units perform better when grouped under the parent's ownership and control than they would if they were autonomous companies, and that the parent adds more than corresponding value to offset the costs it incurs (Goold *et al.* 1994). It therefore can be deduced that the features of value creation are expressed in better off decisions and available best parent. Value creation is therefore essentially headquarters-centred. On the other hand, the features of parenting advantage are expressed in portfolio composition, structure of the parent, parenting activities and relationships with business units and stakeholders. The features presuppose that the parent will create more value than rival parents, have more advantage and see more opportunities that rivals do not see. In this wise, parenting advantage is business units-centred and therefore establishes business-unit goals which shape parenting decisions at the headquarters for subsequent benchmarking.

2.4.2 Corporate-Level Strategy Framework

Goold and Campbell (1987) and Goold *et al.* (1994) developed a framework around the parenting concept stating that corporate parenting is a fit between the parenting characteristics and the parenting opportunities. Parenting characteristics are headquarters

based, while parenting opportunities are business unit based. The framework which they

termed 'corporate strategy framework' is presented below:

Figure 2.1: Corporate-Level Strategy Framework

Source: Goold, Campbell and Alexander (1994), Corporate-Level Strategy, p. 21

Parenting characteristics involve issues bordering on mental maps; structures, systems

and processes; functions, central services, and resources; decentralization contracts and

people and skills, which were described as the five lenses of corporate parenting; whilst

the characteristics of the businesses are bordered round business definitions, parenting

opportunities and critical success factors. Mental maps are shared rules, models, intuitions and experiences of the parent. Parenting structures, systems and processes are value creating mechanisms. They include such dimensions as the management levels, human resource systems, planning and budgeting processes. Functions, central services and resources characteristics express themselves in departments, common assets, corporate brand and financial resources. People and skills are about organization workers and their expertise. Decentralization contracts depict the extent of delegated authority the business units enjoy. The authors argued, however, that the fit between parenting characteristics and opportunities are necessary conditions but by no means sufficient to foist successful corporate strategy. Parenting opportunities emerge from management skills, profitability potential, cordial relationship, diverse expertise (including venture capital expertise) and from existence of unrealized linkages with other businesses. Critical success factors are distinctive abilities and resources that boost business-level success, value chains, low cost production, staff motivation and innovation.

Also, to further support the framework, Goold *et al.* (1994) construed a parenting advantage statement based on three dimensions to define and pursue value creation in order to gain parenting advantage. The statement comprised value creation insights, distinctive parenting characteristics and heartland businesses. The value creation insights assert in written form the more focused and practical means through which the parent creates the value, not in rhetoric terms. Distinctive parenting characteristics show how equipped and advantaged the businesses are to prove superior performance. And the heartland depicts the businesses that are focused upon to achieve net value creation. It is

perhaps essentially on the need for business growth and sustainability that corporate-level strategy gains stimulus through corporate parenting. Corporate parenting therefore provides certain cutting-edge tools for corporate organizations.

Explaining the relevance of corporate parenting in corporate-level strategy, Goold *et al.* (1994) argued that understanding the characteristics of the parent and businesses; assessing the strengths and weaknesses of rival parents and judging how all these may change in the future are necessary for successful corporate-level strategy. They further developed tools such as parenting characteristics analysis, successes and failures analysis, performance of business relative to direct competitors analysis, shareholder value analysis, trends and scenarios; and finally stated the place of discussions and interviews with both parent and business unit managers to enrich corporate-level strategy. This study, however, aims to develop the corporate-level strategy framework further.

2.5   Perspectives of Corporate-Level Strategy

As stated earlier, corporate-level strategy historically evolved from divisionalisation, diversification, portfolio planning, restructuring and core businesses. This Section reviews each of the perspectives including the resource-based and dynamic capability views and denotes how corporate parenting can contribute in closing the gaps the antecedent perspectives created.

2.5.1 Divisionalised Organization

Nascent literature including those of Bushman (2007) and Goold *et al.* (1994) have consistently made reference to the old originating sources of the concept of divisionalisation to discuss its evolution and other organization structural forms. Similarly, in this sub-section the same pattern is adopted. The divisional structure evolved from functionalization to indicate how business growth could catalyze new perspectives. Chandler (1962) supported this view with his research on four major US firms. His work showed that as the centre grew larger and diverse, its works became enlarged. This created the opportunity for some managers to detach themselves and be given some autonomous responsibilities, hence the birth of divisionalisation. By decentralizing, the centre was able to add value through third party financing, planning and controlling activities. However, these value adding activities were not terminologically crisp to Chandler (1962) as corporate parenting activities. He did not enquire further whether it would have paid the divisions better to stand alone instead. Sloan (1965) held similar views with Chandler (1962). Williamson (1975), however, argued that the skills of the 'elite staff' at the centre give more control, thus stressing the distinctiveness of the parent staff and signaling the need to increase the sphere of influence of the so called elite staff through the diversified organization..

2.5.2 Diversified Organization

As organizations sought for better corporate growth, diversification was made possible by the enhanced general management skills and awareness of the value potentials of synergy in related businesses. This also provided opportunity for organizations to spread risks

across different sectors (Ansoff, 1968). According to Rumelt (1986), 44 percent of the Fortune 500 companies had diversified into related businesses, while about 12 percent had done so in unrelated areas. However, this presented its linkage problems too. Notwithstanding, Andrews (1980) had earlier corroborated that successful diversification implied surmounting of formidable administrative problems, whilst Kenny (2008) suggested that more organizations in the private, public and not-for-profit sectors are contemplating diversifying. It is clear therefore that managing in a diversified organization demands some rare parenting skills to make such organizations successful.

Further, Chung-Ming (1993) considered diversification strategies and organizational development in three areas: organizational arrangements, managerial mindsets and organizational learning climates. The organizational arrangements are concerned with how co-ordination and control mechanisms facilitate the corporate unity of the organization. Managerial mindset, like the parental mental maps of Goold *et al.* (1994) describes the ways the corporate parent does business, and organizational learning climates describes the learning capacity and knowledge needs of the organization members, akin to the core competence concept of Prahalad and Hamel (1989) and the resource based view and dynamic capability view of Rumelt (1984), Wernerfelt (1984), Barney (1991) and Peteraf (1993). Chung-Ming (1993) classified the diversification strategies as 'related', 'unrelated' and 'related-jinked'. These sophisticated classifications require that a more focused and less complex organization form be developed, hence the portfolio organization form described below.

2.5.3 Portfolio Organization

The linkage and performance problems encountered by a lot of corporate organizations gave rise to the need for better corporate arrangement which would be selective in resource allocation, objective setting and engagement in acquisition. This perspective tended to sort out the resource allocation problems inherent in the diversified organization. Thus, Hedley (1979) used the Boston Consulting Group matrix to classify businesses in terms of their strategic position and opportunities to enable organizations to carry out some portfolio analysis to arrive at their selected businesses. The matrix was in four quadrants: the cash cow, star, question mark and dog and enabled businesses to also be classified according to growth-share typologies. These provided new thinking for corporate parents to group value creating businesses together and divest those that were value-starved.

In furtherance of a better structure and integration, Haspeslagh and Jemison (1990) carried out a study and found acquisition integration as an imperative in the designing of the portfolio organization. They found four typologies: absorption acquisitions, preservation acquisitions, symbiotic acquisitions and holding structure and spelt out the level of strategic interdependence and organizational autonomy required by each theme. Furthermore, Raynor and Bower (2001) argued that organizations 'lead from the centre' and, in line, develop a joint competitive strategy together with business managers and determine which multi-business synergies to pursue as the nucleus. Also, Wit and Meyer (2004) claimed that the glue of the corporation must be strong enough to convince all involved that they were much better off as part of the whole than being on their own.

However, this view does not make integration of newly acquired businesses amenable but rather encouraged organic growth.

Also, Goold and Landsdell (1977), Henderson (1979), Chatterjee (1986), Amit and Livnat (1988); Weston *et al.* (1990); Seth (1990); Trautwein (1990); Lubatkin and Chatterjee (1994); Anslinger and Copeland (1996) all similarly extolled the attributes of the portfolio organization. They acknowledged it as being responsive, a collection of business share holdings and potentially unrelated. Other attributes were that it is a cash flow optimizer and risk balancer, it adopts the financial control style; allocates capital and controls performance; and it is highly autonomous and simple in accommodating new acquisitions. However their positions did not provide the panacea needed as it was evident that some businesses could not fit into the portfolio arrangement. Cultural and contextual issues therefore arose and again the corporate parents had to seek improvement of focus and perspective.

In addition, based on their experiences from various researches carried out, Goold *et al.* (1994) proposed corporate strategy options. These were: downsizing, delayering, decentralizing; networking; clarifying the dominant process; focusing on the dominant managers; redefining division versus centre's roles; building functional skills and corporate development skills. For portfolio options, they proposed: mentally discarding the misfits, assuming no size constraints; looking for businesses with critical success factors; looking for linkages; being guided by scenarios; trying a zero-based approach

and considering a split or demerger. These conceptual analyses signal the need for organizational restructuring.

2.5.4 Organizational Restructuring

To attempt to solve the problems emanating from the portfolio arrangement and to add value from the corporate centre to the diverse portfolios, organizational restructuring was advocated (Goold *et al.*, 1994). As an instance, Porter (1987) showed the high rate of divestiture of acquisitions and argued that the perspective had failed to create value in many companies. Organization restructuring, however, encouraged delayering, downsizing and divestment which were predicated on reduction of corporate costs. It encouraged the boosting of shareholder value and use of economic rather than accounting measures. It also made financial tools such as cash flow, return on equity spreads and hurdle rates popular. Further, a "stick-to-the-knitting" philosophy of corporate success built around core businesses was popularized (Peters and Waterman, 1982). However, the perspective was soon found to be depending too much on financial tools. The gap in industry-related technological expertise or competence was realized and so paradigm shifted to core businesses and core competences.

2.5.5 Core Businesses Perspective

Judging from the implication that restructuring had dichotomized businesses into two categories (those to be retained and those to be divested), corporations were left with the deduction that the gap resulting was the core business. The core business is the business the corporate parent has a feel for, and is having the competences, skills, capacity and

capability to manage (Wit and Meyer, 2004). The core business perspective encourages a dominant logic or a focus approach to businesses or industries (Prahalad and Bettis, 1986). In this wise, Prahalad and Hamel (1989) argued that corporate portfolio should not be seen only as a composition of businesses, but also as a pool of competences. They however observed that some of the nascent management approaches including SBUs, decentralization and resource allocation practices tend to block the ability of organizations to develop core competences because independent units hardly possess the wherewithal to pool world-class competences.

In retrospect, it goes without saying that many studies had compared the results of mono-product corporate organizations that diversified into related products or technologies including unrelated conglomerates without relying on their core competences and thus have supported the suggestion that there had been no firm relationships between different diversification strategies and performance (Goold *et al.*, 1994). In relation to corporate parenting, Kiechel (1988) described the role of the parent as affecting guardianship of core competences and concluded that it is better to put all the businesses under one umbrella to leverage on skills. Once again, this appears to lend support to the portfolio organization and tending to suggest that it also deploys the core business concept for better performance (Hedley, 1979).

Specifically, Prahalad and Hamel (1990) further carried out a study on core-competences and compared it with the SBU perspective. They found that core competences were the collective learning in the organization and do not diminish with use. The study provided a

basis for corporate organizations to recognize the differences in core competences, core products and end products. The study further heightened the perception about cost minimization by corporate parents and stressed that core competences encourage inter-firm competition and build more competences in the portfolio as well as core products and heartland. In addition, they stated that corporate parents should guard the future by allocating capital and talent, and building strategic architecture that could not be easily copied by competitors. The strategic architecture is considered to be the road map of the future for core competences build up. Nonetheless, the problem with the core competences perspective was how to judge its effectiveness in an unfamiliar business area and the issue of relying on same competences in situations that require different management styles or approaches. Also, the core competences did not show how scarce resources were misdirected and how and why core competences should be bidded for. The necessity for a focal point with superior knowledge to address the gaps, however, still remains.

2.5.6 Resource-based and dynamic capability views

Somehow related to the core-competences argument of the corporate-level strategy is the resource-based view (RBV) and the dynamic capability view (DCV) of the business (Rumelt, 1984; Wernerfelt, 1984; Barney, 1991; Peteraf, 1993). These authors added that the RBV located the source of superior profitability inside the business unit. They measured the superior profitability against the conditions of variability, rarity and imperfectly non-substitutability (VRIN). On the other hand, Teece *et al.* (1997) maintained that dynamic capabilities involve the process of co-ordination, replication,

learning and reconfiguration. Eisenhardt and Martin (2000) added that it referred to the business unit's ability to alter the resource base by creating, integrating, recombining and releasing resources. Further, Bowman and Ambrosini (2003) explained RBV as fundamentally concerned with issues of competitive strategy and DCV with issues of corporate-level strategy. They observed that researchers had always concentrated on the issue of value creation from corporate centres and not on how the centre could possess or provide resources. These views come very close to the views of corporate parenting because they all dwell on value creation. However, the argument of centres not concentrating on how they possessed or provided resources appears not tenable because ideal world-class corporate centres are presumed to possess all type of resources as evident in the portfolio they usually compose. However, it appears that the RBV and DCV did not consider governments' monopolistic organizations that possess variable, rare and imperfectly non-substitutable resources, whose values have been continually destroyed (Ramanadham, 1986).

2.6 Conclusion and Summary

This Chapter traced the epistemological and ontological bases of strategy, corporate strategy, corporate-level strategy and corporate parenting. The origins and meanings of strategy, corporate-level strategy and corporate strategy were given and explanations made on the various forms of strategy and evolvements. Also the perspectives of corporate-level strategy which were expressed through divisionalisation, diversification, portfolio planning, restructuring, core-businesses, and resource-based and dynamic capability views formed part of the Chapter, including the mechanisms that were adopted

to increase linkage opportunities. Attempts were made to identify the theoretical gaps inherent in each of the various perspectives. Also, the effects strategy options and portfolio options have on corporate strategy development were discussed. The themes that are to form part of the corporate-level strategy framework that is developed later in the study were indicated. Further, the Chapter provided some background information on the world-class corporate parenting ideals and business units' roles. Also, provided are information on other external organization impinging factors. All this form the bases for the development of the theoretical analysis of corporate parenting and corporate-level strategy in the next Chapter.

CHAPTER THREE

CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGY: A THEORETICAL ANALYSIS

3.1 Introduction

In this Chapter, the theories and works on corporate parenting and corporate-level strategy are reviewed and discussed. The aim of this Chapter is to identify value creation dynamics from the various works, locate ideals and practices of the corporate parenting and corporate-level strategy, discuss the roles of the strategic business units within the corporate parenting framework as well as evaluate the various ways organizational design and structure can impact on corporate parenting and corporate-level strategy. Some of the relevant works consulted on value creation, ideals and practices of corporate parenting and corporate-level strategy, strategic roles of the SBUs/CSUs and the impact of organizational design and structure on corporate parenting and corporate-level strategy are referred to below.

3.2 Value Creation in Corporate Parenting and Corporate-Level Strategy

The studies of Rumelt (1974; 1982) and Chatterjee (1986) identified synergy as a main source of value creation in corporate parenting and corporate-level strategy. They classified the source of synergy which is embedded in portfolio diversification as consisting of conglomerate (unrelated) and concentric (related) business units. They categorized 'relatedness' into resource relatedness, product offering relatedness and integrated activity relatedness, and argued that careful composition of portfolios can create value. However, Prahalad and Betgtis (1986) and Ramanujam and

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Varadarajan (1989), including Wit and Meyer (2004) added that unambiguous classification of businesses in their relatedness composition can increase the content of business value. Nonetheless, the work of Philips (1980) which was on network structures claimed that large central staff can also create value if they enforce operational and marketing processes. Examining network parenting, Hakansson (1982) identified three issues which were categorised as actor-relatedness, activity-relatedness and resource relatedness all highlighting the need for corporate convergence in order for value creation to result. Heskett *et al.* (1990), Nohria (1992) and Hutt *et al.* (2000) argued that value creation will work well where they foster trust between corporate and local managers, enhance the sharing of common experiences, introduce quality procedures, ensure co-ordinated human resources management and encourage learning. Andreu and Ciborra (1996) identified financial support from the centre and deployment of information technology capabilities as value creators and part of resource relatedness.

On another perspective, Ullman (1985) concentrated on life cycle of public issues which explained how organizations could construe strategy to manage social pressures and therefore continuously monitor change in order to sustain added value. Emergent regulatory reforms therefore are an issue for public corporations in the management of value creation. In another breath, Porter (1987) specifically examined the place of diversification in the creation of value. He classified corporate portfolio into heartland, ballast, alien and value trap quadrants. He argued that growth opportunities could only account for increased shareholder value through three key tests: the 'attractiveness' test; the 'cost-of-entry' test; and the 'better-off' test. The 'attractiveness' test assesses the profitable competitive position. The 'cost-of-entry'

test ensures that no excessive payments were made on acquisitions as so many acquirers had been known to have overpaid thus reducing value creation. The 'better-off' test ensures that corporate organizations achieved significant comparative synergies from their SBUs. Arguing further, Porter (1987) insisted that multi-business level firms do better as a whole than in their individual units. Ohmae (1990) on another front argued that labour mobility through the corporate parent structure could foist value addition and make organizations become international in outlook. In relation to Porter (1987), Ohmae (1990) also pointed out that diversity does not affect portfolios alone but also corporate functions and that there was need to engage in periodic review of cross-company initiatives. Prahalad and Hamel (1990) argued that the building up of core-competences could contribute to value addition, whilst Brown and Ambrosini (2003) on their part, reiterated the usefulness of the resource based view and the dynamic capability view. Other value creation bases were found in the studies of Goold *et al.* (1988; 1994; 1998), Goold (1996) and Grandori and Soda (1995). These are discussed below, including some value destruction themes.

3.2.1 Further Bases of Value Creation

Goold *et al.* (1988) carried out a study and laid out the bases for value creation through nine propositions: justifying the parent; parenting advantage, value destruction, lateral synergies; value creation; corporate centres and management processes; diversity; stretch and fit and business unit definition and corporate structure. They proposed that to 'justify' the parent, corporate centre through its superior knowledge, should influence business units to make more money. The corporate centre should not incur heavy cost and become a burden on the organization. The proposition of 'parenting advantage' entails that corporate parents

must add more value than other rival parents otherwise all stakeholders can be made better off through a change in ownership of the business to a superior parent. 'Diversity' is about the composition of related or unrelated businesses that the corporate parent should consider. 'Stretch and fit' proposition provides awareness for corporate parents to elasticize their resources and capabilities to look for new opportunities, accept new challenges and improve the status quo. It requires that the characteristics of the parent should fit the characteristics of the businesses, and that decisions about the parent should rhyme with decisions about the portfolio. The proposition of 'management processes', amongst others, is concerned with planning, capital sanctioning, performance targeting and monitoring as well as structured centralization or decentralization. The propositions of 'business unit definition and corporate structure' explained the group of activities that should receive the focused attention of any single management team and what should be aggregated together for performance measurement and reporting purposes.

The study of Goold et al. (1994) further reinforced and properly situated corporate-level strategy in the value addition drive. It gave an overview of conditions for value creation, citing opportunities for performance and parenting characteristics that fit the opportunities. It specifically stressed how stand-alone influence, linkage influence, functional and service influence and corporate development influence create value in the evolution of corporate strategies. The four influences were described in terms of paradoxes: the paradox of 10 percent versus 100 percent, enlightened self-interest; beating the specialists and beating the odds. They argued that there were three conditions for value creation: that there must be opportunities for a parent to improve performance in the businesses, and the parent must perceive these opportunities and

the role that it can play to realize them; that the company must have some parenting characteristics that allow it to realize these opportunities; that the company must not have other parenting characteristics that fit so poorly with the businesses that they lead to value destruction. The conditions for parenting advantage are that the parenting opportunities must have not been seen by other rivals; and the parents should have clearer understanding of the sorts of business in which its value creation insights and distinctive parenting characteristics are most potent than rivals. In addition, value should be created through alliances (i.e. agreements, franchise, relationship management, consortia, virtual corporations and functions; and joint ventures).

The study of Goold (1996) was on portfolio organization and concluded that diversity in matured businesses portfolio offer prime opportunities for value addition by the corporate parent. Other themes of value creation identified were lean operations, capacity closure and industry rationalization. Further identified were prevention of peripheral investment and diversification; investing through the cycle; price and margin, not volume and market share; achieving best practices; appointing tough operating managers; rejuvenation and 'horses for courses' (combination of strategies). Also described were the characteristics of diversified mature business which are slow growth, declining; cyclical; stable; profitable and cash rich and growing segments. Goold *et al.* (1998) added more value creation themes such as the experience, capabilities and attitudes of the CEO and team, as well as framework review. They maintained also that the critical success factors of the businesses should not be contaminated and businesses should not stray into areas they do not have competences. Finally, the study of Grandori and Soda (1995) concluded that

standardization of outputs, formalised procedures, uniform accounting systems, central personnel training and standard contracts add value to businesses, and can as well be extended to international parenting practices, to which information technology plays an important role.

3.2.2 Information Technology and Value Creation

Park and Campbell (2001), conducted interviews with seven financial services companies in the European Union from which they proposed an e-Agenda comprising internet and e-commerce for the corporate parent for value addition. E-commerce supports corporate strategy in achieving growth through virtual global network expansion rather than of geographical expansion through acquisition and so companies needed to make sure that their current portfolio of business initiatives was appropriate given the full e-agenda that was possible. Further, that e-commerce provided the means to transform existing business models to reduce costs and improve customer service which were essential for success in more competitive lower margin markets. They further proposed that first mover advantage to gain market share in fiercely contested mature markets was also seen to be important in achieving low unit costs. To add, they viewed procurement, human resources and achieving general back office efficiencies as common agenda items and the potential for interaction and transfer of power to consumers as making the difference. This theme of e-Agenda is respecified in a framework later in the study. Having appreciated the value creation themes, it is proper also to appreciate some parenting value destroyers.

3.2.3 Value Destroyers

The study of Goold *et al.* (1994) also identified some parental value destroyers: poorly appointed business unit senior managers, invalid business objectives; bad budgetary controls; inappropriate strategies; bad capital investment decisions; unsuitable, slow and costly review processes and excessive overhead charges. Further, value destroyers were situated around conflict of interest between managers and other stakeholders', conflict of interest in specialist expertise; and parent managers' second views that are subjective. Others were: communication lacuna; managerial inertia, business contracting problems and unfair competition; lack or feel for the needs and opportunities in the businesses; lack of professionalism in the departments; undue influence of central staff and viewing staff departments as non-core. Furthermore, value is destroyed through non-amalgamation or separation of businesses to enhance their competitiveness; non-creation of viable and successful new businesses; unreasonable striking of business purchase deals, and non-realignment of the portfolio to fit better with the company's parenting disposition.

The work of Campbell *et al.* (1995) and Lewis *et al.* (2004) identified wrong or poorer decisions and excessive bureaucratic planning as value destroyers. The study of Goold (1996) identified demotivation of managers of matured businesses, held back development of matured businesses and unhelpful interference on issues best left to the business managers. Others were deliberate exclusion of the parents by SBUs in certain decision making; abhorrence of corporate visitors by SBUs, guarding of business-level information and detesting of linkages in the portfolio by SBUs. It was found further that the SBUs prefer developing their business-level staff than deal with corporate staff.

The main value creating issues emanating from the above discussion can therefore be synthesized as: business synergy; unambiguous classification of businesses in the portfolio, appropriate organization structure, financial support from the corporate centre, time-based information technology, application of life cycle of public issues to address social pressures, diversification and labour mobility. Others were: build up of core businesses and competences; consideration for corporate resources and dynamic capability of parent managers, postulation of value propositions on issues such as justification of the parent, parenting advantage, value destruction, lateral synergies, value creation, corporate centres and management processes; diversity; stretch and fit; and business unit definition and corporate structure. Also, synthesized are: achieving a fit in parenting characteristics and business characteristics, and strategy framework review. Further, value arose from lean operations, capacity closure and industry rationalization, as well as from the experience, capabilities and attitudes of the CEO and team. Other value creating themes are standardization of outputs, formalized procedures, uniform accounting systems, central personnel training and formulation and adoption of standard contracts. Value destroyers are generally the contrary practices to value creating themes. The above discussions however anticipate consideration of corporate parenting and corporate-level strategy ideals.

3.3   Ideals of Corporate Parenting and Corporate-Level Strategy

In this Section, literature on the world-class ideals or roles of successful corporate parenting and corporate-level strategy are reviewed and synthesized for further discussion. For consistency, the word 'ideals' is preferred to 'roles', and accordingly is applied throughout the rest of the discussion.

Porter (1987) listed corporate parenting and corporate-level strategy ideals as portfolio management, restructuring, skills transferring and activities sharing:

- Portfolio management demands that corporate parents identify and acquire undervalued assets, divest low performing SBUs and acquire good performers at a premium. Also, it demands that the corporate staff should be small and incur low cost, and that performance incentives should be SBU-driven.

- The restructuring dimension enables corporate organizations to intervene in SBUs for performance improvement and knowledge transfer and determine whether business units should be autonomous.

- The ideal of skill transferring facilitates deployment of skills to the SBUs to aid their competitive advantage, and perceives corporate staff as integrators.

- The activity sharing theme enables the corporate parent to share activities across the portfolio and reduces SBUs' resistance to corporate initiatives through strategic planning and parenting matrix.

Parenting matrix comprises of heartland, ballast, value trap and alien business segments. Other studies which supported the view points of Porter (1987) were Haspeslagh and Jemison (1990), Lubatkin and Chatterjee (1994) and Raynor and Bower (2001). David (1989) identified foreign policy and domestic policy formulation, including time dimensions as ideals. Time dimension considered strategy and structure. Kivikko (1995) reiterated the ideal of measurement. Vogl (1995) perceived the corporate parent's ideal in corporate growth through purchasing,

selling, tearing or mending of businesses. Goold (1996) pointed out corporate management styles of strategic planning, strategic control and financial control as world-class ideals. Further ideals were perceived from formulation of corporate mission, value gap identification and appointment of managers to mature businesses. He proposed, however, that corporate managers should construct acceptable corporate-level strategy to avoid confusing ideals.

Further, Campbell and Goold (1998) added to the ideals by identifying themes such as idea champions, know-how sharing, negotiation, co-ordination, integration through mechanisms and processes and new business creation. Also identified were the power of the centre to locate synergy killers such as inhibitive corporate strategy, unclear cross-unit relationship and accountability; infighting between the barons, culture of secrecy, misaligned incentives through bonus systems and promotion criteria, excessive performance pressure through excessive impossible set targets; insulated performance pressure from the parent, domineering corporate staff and mistrust resulting from incompetence and other personal differences. Goold *et al.* (2001) identified general management, corporate legal function; financial reporting; control and internal audit; treasury and tax; planning, human resources and government and public relations as ideals. They categorized these ideals into corporate parent ideal, value added ideal and shared services ideal. Also, Park and Campbell (2001) added guidance and information, framework and direction; strict rules; joint working; central leadership; central initiatives and co-ordination of e-initiatives across the portfolio.

The study of Goold and Campbell (2002) identified preparation of annual reports, observance of health, safety or environmental legislations; due diligence in protecting

shareholders' interests, designing of organization structure, appointment of senior management, raising of capital, handling of investor relations and implementation of basic control and co-ordination processes and arbitration in disputes between units. These they called 'minimum obligatory ideals'. Thompson and Martin (2004) identified the ideals of allocation of capital in its financial and intellectual form. They identified that it is ideal for the corporate parent to decipher the strategic logic, strategic flaws and structural flaws. Strategic logic links subsidiary products, services, competences and key success factors of the portfolio. Strategic flaws points out the incongruence in the fit between needs of individual businesses and corresponding capabilities of the parent. Structural flaws depict inappropriate structure and style. They advocated the ideal that corporate centres should charge fees for their services to the subsidiaries.

For the purpose of clarity, the ideals from the various studies referred to above are segmented and merged to form eight themes (entity, expert, eclecticism, ethos, exemplar, entrepreneur, effectiveness and efficiency) in the tables below. These themes are deployed to further develop the corporate-level strategy framework later in the study. Also, the wordings of the ideals are adapted to anticipate the Likert's questioning pattern adopted in designing the questionnaire for this study.

Table 3.1:   Ideals grouped under Entity Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Portfolio management
2	Strategy making
3	Headquarters' justification
4	Headquarters' value creation
5	Appropriately defines businesses through corporate restructuring
6	Properly selects subsidiaries to form the corporate portfolio
7	Capital raising
8	Preparation of strategy summary statements also including:
9	❑ Product line
10	❑ Services offered or planned
11	❑ Markets and channels
12	❑ Finance
13	❑ Profit objectives
14	❑ Capital safety
15	❑ Level of return on investment
16	Establishes Office for Strategy Management for testing and adapting of corporate strategy to stay abreast of competition
17	Presence of clear mission statement indicating that the businesses intend to go international
18	International headquarters located in the founding country
19	Corporate Boards of business units have clearly spelt out functions
20	Corporate Board and Boards of businesses have limits of authority
21	Corporate centre devises monitoring techniques to manage political and social pressures that bear upon it
22	Co-ordinates e-initiatives across the portfolio
23	Recognises the presence of opportunities the parent is best positioned to tap
24	Corporate centre has quantifiable objectives that it intends to operate in two or more continents
25	Corporate centre reports consistently on turnover growth over five years
26	Establishes global market share
27	Establishes global brands
28	Establishes world-wide avenues to source raw materials for corporation
29	Arbitrates in disputes between business units

Source: Researcher's Own Compilation

Entity theme depicts critical decisions that the parent has to take about itself and the business units constituting the total organization. The theme presupposes that the organization is a going concern and requires sound business ideals for sustainability. The ideals grouped under this theme, in part, jointly enable the organization to compete against other rival organizations. The next table discusses the expert theme.

Table 3.2:   Ideals grouped under Expert Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Skills transfer from the corporate headquarters
2	Appointment of senior managers by corporate centre
3	Provision of continuous corporate guidance by corporate centre
4	Sharing of new product ideas by corporate centre
5	Corporate centre performs a step ahead of rivals
6	Deploys internal consultants and process manuals to develop capability management
7	Encourages development of specialist expertise relevant to execute parenting propositions

Source: Researcher's Own Compilation

Expert theme denotes special skills or knowledge required to be applied by corporate organizations to gain parenting advantage. Corporate performance, in essence, is assessed through expertise possessed by business organizations. Decisions taken at the corporate centre require being tested or weighed against the demands of expertise in order that value destruction can be curbed. The next table lists ideals under eclecticism theme.

Table 3.3:   Ideals grouped under Eclecticism Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Corporate centre designs and redesigns the organization
2	Presence of centralised and distinct management in the corporation
3	The business units derive their products and financial targets from the corporate centre
4	Develops comprehensive portfolio of e-initiatives which reviews existing businesses, new business ventures and responsibilities of the corporate centre
5	OSM handles investor relations
6	OSM encourages enterprise-wide entrepreneurial behaviour for dynamic capability advantage

Source: Researcher's Own Compilation

Eclecticism theme expresses corporate management's ability to select unique ideas appropriate for their organizations. Certain ideals that are successful in one environment may not be successful in another. Cultural and organizational differences can be accommodated when considering corporate parenting and corporate-level strategy ideals. The theme also demands that performance improvement ideals found in other organizations be adopted and adapted by those organizations seeking superior performance. The table below lists the ideals under ethos theme.

Table 3.4:   Ideals grouped under Ethos Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Corporation operates within legal framework
2	Corporate centre is involved with co-ordination, processes and structural issues
3	Corporate centre establishes techniques to assess and measure value added
4	Corporate centre submits tax returns
5	Corporate centre undertakes legal and regulatory tasks of preparing annual reports
6	Performs basic governance functions of protecting stakeholders' interests
7	Observes health and safety legislations
8	The corporate centre measures and reports on how much business net value it adds to the corporation
9	Prepares summary statements to include major policies of the business units that distinguish them from other competing companies as pertaining to size, form and operating climate
10	Corporate centre co-ordinates defined array of tasks
11	Communicates corporate strategy
12	Corporate centre applies the life cycle management strategy to ensure appropriate management style in different development stages of the organization to assess and review whether leadership is failing or declining
13	Corporate parent from time to time monitors how well the organization designs are working
14	Centralises marketing function
15	Connects global businesses
16	Charges fees for services it renders to subsidiaries
17	Positions corporation as a learning organization
18	Carries out modelling of cross-company activities that distinguish the centre from other corporate centres in identifying neglected potentials
19	Carries out periodic review of cross-company business initiatives to establish that business units are preferring ties with third party organizations
20	OSM acts as CEO's chief-of-staff
21	Encourages business units to compete amongst themselves
22	Encourages business units to be managed for profit and margin rather than on basis of volume and market share
23	Justifies number of staff at corporate centre with clear value-added rationale
24	Adopts cutting edge marketing practices
25	Reviews strategy
26	Engages in corporate branding

Source: Researcher's Own Compilation

Ethos theme conveys the beliefs, shared values, transparency requirements, customs or cultures that differentiate one organization from the other. To be different means to be identified with particular behaviours by the corporate world. The themes under

ethos show what corporate parents do to strategically position their organizations. The next table below lists ideals under the exemplar theme.

Table 3.5:   Ideals grouped under Exemplar Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Identifies corporate improvement opportunities
2	Translates enterprise-level plans into individual business plans
3	Deploys distinctive skills
4	Adopts distinctive processes or resources
5	Operates through joint committees or staff groups to create synergy
6	Creates opportunities for individual managers to identify pet projects or initiatives and accordingly champion them
7	OSM aligns employees plans for competency development with strategic objectives

Source: Researcher's Own Compilation

Exemplar theme expresses the model status of the organization perceived through the mental maps of the leader. It motivates the drive for superiority or being a better parent over rival parents through exemplary business practices. The individual ideals under the exemplar theme can make organizations stand out. With the exemplar ideals in mind, corporate parents can test and confirm whether their decisions are capable of producing results which other organizations can emulate or follow. The next table below lists the ideals under entrepreneur theme.

Table 3.6:   Ideals grouped under Entrepreneur Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Corporate centre shares activities to business units
2	Identifies business opportunities
3	Identifies and deploys distinctive skills in all of the corporation
4	Harnesses and deploys corporate resources
5	Focuses on corporate portfolio around related core businesses
6	Develops framework for value addition
7	Appoints key staff to appropriate jobs
8	Handles investor relations
9	Executes strategic initiatives in order to deliver on the corporate grand design
10	Business acquisitions and divestments
11	Being aware of everything going on in the business units
12	Deploys e-commerce initiative which encourages engagement of people with venture capital backgrounds to add value to the corporation
13	Establishes competitive strategy
14	Categorizes and analyzes businesses according to portfolio or growth/share matrix expressed in ◻ stars
15	◻ Cash cows
16	◻ Question marks
17	◻ Dogs
18	Categorizes and analyzes businesses according to parenting matrix expressed in ◻ heartland
19	◻ Ballast
20	◻ Alien
21	◻ Value trap
22	OSM ensures that CEO is strategically aware and well informed.

Source: Researcher's Own Compilation

Entrepreneur theme demands that ownership and control of organizations be separated and not altogether vested in governments (Ramanadham, 1986). The entrepreneur is perceived to be resourceful, evolutionary and insightful and can, against all odds, play corporate politics for survival. The entrepreneur is a thinker and has an expansive mindset. With these traits in mind, corporate parents usually test their enterprise-based decisions against the basis of ownership before implementing such decisions. The ideals under the entrepreneur theme provide the required motivation for businesses to excel. The following table lists the ideals under effectiveness theme.

Table 3.7:   Ideals grouped under Effectiveness Theme

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Corporate centre deploys external specialist help
2	Encourages related or heartland businesses
3	Provides philosophies or tools to determine corporate-level strategy
4	Strives that business units have critical success factors that give the business competitive advantages
5	Ensures that the business units are responsible for their individual competitive business strategies
6	Properly selects strategies that reduce ineffectiveness
7	Redefines business units when deeply rooted hostility and mistrust between senior managers in the different business units become issues
8	Redefines business units where there exists difficulty in allocation of costs and revenues to the business units

Source: Researcher's Own Compilation

Effectiveness theme explains the result-oriented nature of corporate organizations. The business units require being co-ordinated and controlled to produce the desired corporate results.   Decisions of corporate parents should therefore be weighed or tested against the effectiveness driver before they are implemented.   This also contributes to parenting advantage of the corporate centre. The ideals grouped under this theme have the characteristics to ensure that strategic objectives are always met. The last table below lists the ideals under efficiency theme.

Table 3.8: **Ideals grouped under Efficiency Theme**

S/No.	Ideals of corporate parenting and corporate-level strategy
1	Corporate centre outsources services
2	Sources Funds
3	Integrates control and co-ordination
4	Implements appropriate performance standards
5	Uses the internet as an additional delivery mechanism to reduce costs
6	Engages in corporate planning
7	Engages in financial management function
8	Ensures that the business units are crafted after careful analysis of their likely impact on net value creation
9	Properly selects strategies that reduce inefficiency
10	Minimization of operating costs
11	Crafts research programmes for continuous value addition
12	Deploys internet initiatives to produce new business and parenting models at the corporate centre

Source: Researcher's Own Compilation

Efficiency theme denotes that all organizational actions are cost-sensitive. The concept of economy is necessary in corporate organizations for the corporate parent to justify its existence. Decisions on projects, staffing, information technology, *et cetera* should be based on cost/benefit analysis. Every business decision should be tested for efficiency before implementation.

The groupings of the world-class ideals may not be too crisp but they attempt to represent a way of presenting the corporate parenting and corporate-level strategy ideals for framework development in Chapter Seven to additionally test and drive the value creation and parenting advantage characteristics. Also, the world-class ideals in a way encompass the roles played by business strategic units and corporate services units.

3.4   Strategic Roles of Business and Corporate Services Units

This Section explains the roles of SBUs and CSUs within the organization. It also discusses the impact of organizational design and structure on corporate parenting and corporate-level strategy. Hakansson (1982) identified the centre as establishing the role of the SBUs/CSUs through its power to wield actor-relatedness, activity-relatedness and resource relatedness in the portfolio. Hutt et al. (2000) replicated the concept. Porter (1987) perceived the role of the SBUs and CSUs with the corporate centre as that of a servant-master relationship. He argued that it is the corporate centre that spells out the roles of the SBUs/CSUs and this was expressed through the corporate portfolio, organization structures and appointment of managers by the centre. Further work by David (1989) and Johnson and Scholes (1999) supported these perceptions. Goold et al. (1988) also studied portfolio organization and identified that corporate parents determine and spell out the roles of the SBUs/CSUs. They argued that the units were formed to carry out the business objectives of the corporation. Goold et al. (1994) further reinforced the role relationship through certain headquarters functions as marketing, management development and personnel, property management, centralized research and development, and corporate public relations.

In another perspective, Haskett et. al. (1990) and Nohria (1992) added that the role is clarified through common shared experiences, procedures, human resources management, co-ordination and learning. Also, Kivikko (1995) added that the units undertake their roles through guarding their critical success factors and value chains. Campbell et al. (1995) and Goold (1996) noted the role stipulating nature of the centre and added that the role is seen more clearly through the matrix structure that

made distinctive the parenting characteristics and heartland, which also reduces the corporate overhead. Also, Vogl (1995) moved in similar direction, but added the parent trap concept which he proposed for consideration by corporate centres and argued that it could improve the role definition. The parent trap concept considered co-ordinative influences in stand-alone, linkage, function and services; and corporate development dimensions. In addition, Andreu and Ciborra (1996) identified distributed financial support and information technology capabilities of the centre as impinging on the role. However, Goold *et al.* (2001) argued that following any single business model slavishly by the corporate centre does not make the role relationship of SBUs/CSUs crisp. Goold and Campbell (2002) added that 'guided co-ordination' establishes the nature of the relationship between the SBUs/CSUs and the centre and ensures that multiple role play by SBUs/CSUs is eliminated, also that intermediate parents do not interfere by creating distortion in the role through their hands-on parenting propositions. The role issues of strategic business units and corporate services units' just considered can, partly, better be clarified through the organizational design.

3.5   Organizational Design and Structure

Hambrick (1982) identified that top management's interests were best served by a design or structure that has high job specialization, lots of standardized rules and regulations and centralized decision making. Fubara (1982), Ramanadham (1986) and Siggelkow and Rivkin (2005) identified government's influence and control as impinging on organizational design and structure. Child (1984) noted that for the designs or structure to be impactful, four dimensions require being addressed. These were: complexity, formalization, centralization and decentralization. Robbins (1988)

elaborated the position of Child (1984) when he proposed that organizations in a placid-clustered environment are motivated to engage in long range strategic planning and centralized decision making. In addition, Shoshana Zuboff (1988) and Burton *et al.* (2006) identified information technology infusion as affecting organizational practices. David and Malone (1992) also added 'virtualization' as factor affecting organizational design and structure.

In a related manner, Goold and Campbell (2002) discussed organization design as clarifying the roles of business in the corporate composition. It spells out the responsibilities of decision makers clearly, charts the hierarchical structures and indicates how strategies are implemented. It is therefore clear that strategy cannot be separated from organizational design and structure. They discussed further the principles of good design which are: specialization, co-ordination, knowledge and competence, control and commitment, innovation and adaptation, and juxtaposed them against what they called the 'fit drivers' which are: product market strategies, corporate strategy, people and constraints. The corporate strategy factor of the fit driver presupposes how organizational design and structure affect corporate parenting and corporate-level strategy. These drivers together set the objectives and limitations for the designers of organizations. The principles of specialization and co-ordination are about the boundaries delineating the business units. The knowledge and competence principle is about appropriate and proper delegation which discourages redundant hierarchies. The principle of control and commitment is about instituting appropriate control mechanisms and ensuring sustained motivation. The fit drivers are the parameters crafted to guide the organizational design into proper shape. They serve as the contingent factors necessary to address the specific challenges of the

organization in question before consideration of the design criteria. The principle of innovation and adaptation demands structures to encourage innovation and adapt to uncertainties in the dynamic business settings. It demands some flexibility. The discussions appear to suggest that the idea of organizational design based on the fit for purpose criteria may not be totally avoided, and strategy being a component of the fit drivers still remains important and plays a role.

In another breath, Goold *et al.* (2002) had explained how complex interdependent structures affect corporate-level strategy. Their survey indicated that parenting activities were more widely distributed in interdependent structures. They also explained the need for managing and monitoring redesigns to reduce value destruction. On the issue of size they found the minimum corporate parent staff for a corporation of 10,000 employees to be 15 and for 50,000 employees, 43. They however stressed that any number above the minimum parent staff should be justified with a clear value-added rationale. The results of their research also showed that corporate organizations with a high level of linkage and interdependence had more than twice as many corporate staff as companies with little interdependence. They argued however that the skills of the staff and the possible value addition from their activities could be more important than their number or cost, and concluded therefore that headquarters should attempt to measure and report on how much net value was added by it. Also identified in the study was extended parenting structure which categorised resource units, shared service units, project units and customer overlay as well as lead business units and span breakers as assisting the corporate parent jointly. The study also concluded that usually there is more than one level of parenting at the headquarters and pointed out that every extra level of parent management brings with

it the danger of duplication, redundancy, extra overheads and contradictory parenting influences. The study concluded that 3 or fewer span of control assisted by the 'peripatetic chairman' was ideal as against the results of other reported studies that recommended 4 to 6 levels. They, furthermore, addressed the issues of matrix reporting including dotted line reporting to conclude.

3.6   Conclusion and Summary

The studies concluded that dimensions creating value can as well destroy value if misapplied. Value creation, amongst others, can come through opportunity for performance improvement, special competences, skills and resources; justification of existence of the corporate parent; opportunity for lateral synergies; corporate centres and management processes; business diversity, stretch and fit; and business unit definition and corporate structuring. Others include: value creating insights and corporate strategies; measurement of net corporate value; market-place relationship between business units and the parent; alignable critical success factors with business opportunities; synergy; mature businesses re-evaluation; guidance; implementation of appropriate performance measures and specialist help. Value destruction can result through weaknesses in managers, poor or wrong decisions through parent's influence; high overheads; filtered information from business units; dangerous power play from the centre; demotivated business managers; wrongful interference from parent and bureaucratic planning.

Postulations on corporate-level strategy corroborate that the corporate centre determines the role of the SBUs/CSUs. Even the roles that SBUs/CSUs play amongst themselves are directly or indirectly determined by the corporate centre. The roles are

prevalent in the activities of the parent, such as vision and mission statements; portfolio management; restructuring; skill transferring and activity sharing. The roles of the SBUs/CSUs are also determined through empowerment and disempowerment. Parenting matrix and business growth/market share matrix are amongst the tools used by the corporate parent to define the roles of the SBUs. Further, the corporate centre exercises parenting role through functions of marketing, management development; personnel; property management; centralized research and development; corporate public relations and industrial relations. The corporate centre applies instruments of strategic planning, strategic control and financial control to aid corporate performance; and ensures that periodic reviews of cross-company initiatives are carried out. The centre as well dictates the role relationship of the SBUs and CSUs with business third parties. Organizational design covers the legal basis of the corporations, size, decision making and structures which define the leadership, businesses and functions carried out in the corporation. The structure more clearly defines the roles of the corporate centre and the SBUs/CSUs. The organization design and structure were identified to impact on corporate parenting and corporate level strategy and, in a way, distorted by government's influence.

The ideals synthesized from this review of literature are discussed further in Chapter Seven of this study. The literature review has indicated the evolving nature of corporate parenting and corporate-level strategy and the pertinent level of work so far carried out, including the current thinking on the topics. Further, the literature has indicated clearly the usefulness of the concepts and the contribution they have made to the corporate world. Again, the literature review has provided further basis to discuss the findings that may be made subsequently in the course of studying the

world-class corporate parenting ideals that are practised in the corporate centre, the roles played by the business units, the corporate design and structure, and their impinging constraints. In the next Chapter the features of Nigeria and the historical perspectives of the Nigerian National Petroleum Corporation are reviewed.

CHAPTER FOUR

THE FEATURES OF NIGERIA: A SOCIO-ECONOMIC OVERVIEW

4.1   Introduction

This Chapter presents a brief review of the socio-economic features of Nigeria. It also reviews the historical perspectives and administration of the NNPC. These reviews are expedient because they can provide some insight, knowledge and links for the study.

4.2   The Socio-Economic Context

The socio-economic context explores the several changes that both the military and civilian leaderships in Nigeria have undergone and the consequences of government's ownership and control of corporate organizations. It reviews the effect of these changes on organizational development and performance. Also, it incorporates the public service reforms the Nigerian government has introduced to mitigate some of the negative effects. Further, the metamorphosis of the Nigerian National Petroleum Corporation is explored, alongside its leadership succession and corporate management. It finally explains the Nigerian government's transformation mandate to the corporation and the corporate restructuring steps the corporation is taking.

4.2.1   The Social Context

The country of Nigeria became so known in 1914 through an amalgamation by Great Britain, its colonial master. According to Professor Omoruyi (1999), the amalgamation

process commenced after the Berlin Conference of 1884 precipitated by the first visit of Lord Frederick D. Lugard. The Berlin Conference came up with a Treaty which was implemented through three autonomous administrators, namely: the Oil Rivers Protectorate renamed Niger Coast Protectorate in 1985; the Colony of Lagos ceded to the British Crown in 1861 and the Niger Territories of the Royal Niger Company formed between 1886 and 1899. Between 1900 and 1912, the three autonomous administrations had been formed into Southern Nigeria and Northern Nigeria and were responsible to the colonial office. According to the Nigerian National Planning Commission (2004) there are more than 200 ethnic groups in Nigeria. There are three major tribes: the Igbo, identifying the East; the Hausa, identifying the North and the Yoruba, identifying the West. There are also more than 500 indigenous languages and dialects spoken in Nigeria.

Nigeria got her independence from Britain in 1960 and thereafter there had been instability in the political leadership. From when Nigeria got her independence to date, there had been thirteen leadership changes. The first Head of State, Sir Abubakar Tafawa Balewa ruled between 1960 to July 1966. The second, General J. T. U. Aguiyi-Ironsi ruled from January 1966 to July 1966. The third, General Yakubu Gowon ruled from 1966 to 1975. The fourth, General Murtala Mohammed ruled from 1975 to February, 1976. The fifth, General Olusegun Obasanjo ruled from 1976 to 1979. The sixth, Alhaji Shehu Shagari ruled from 1979 to 1983. The seventh, General Mohammed Buhari ruled from 1983 to 1985. The eighth, General Ibrahim Babangida ruled from 1985 to 1993. The ninth, Chief Ernest Shonekan ruled from August 1993 to November 1993. The tenth, General S. Abacha ruled from 1993 to 1998. The eleventh, General Abdulsalami

Abubakar ruled from 1998 to 1999. The twelfth, General Olusegun Obasanjo ruled from 1999 to 2007 and the thirteenth, the incumbent Head of State Alhaji Umaru Musa Yar'Adua took over the mantle of leadership on 29th May, 2007 (Nigerian International Biographical Centre, 1999/2008). These frequent changes at the national level, however, evidence leadership problems and lack of continuity, and historically had transcended to the organizational level thus impacting on the organizational corporate strategies and management practices (Fubara, 1982 and Ramanadham, 1986).

Geographically, Nigeria spans an area of 924,000 square kilometers, bordered by the Gulf of Guinea, Cameroon, Benin, Niger and Chad. Its topography is delineated by mangrove swamp land, tropical rain forest and savanna. Its main food crops account for about 60 percent of non-oil exports. Agriculture remains the principal source of employment for the rural folk. Nigeria is currently broken into 36 states with a Federal Capital Territory (FCT) in Abuja. Its total population is about 140 million (National Planning Commission, 2004/2008). Political governance is through the President, his Vice, Senators of the Senate, Honourable Members of the House of Representatives; Governors, their Deputies; Members of the Houses of Assembly at the state level as well as the Local Government Chairmen and Councillors at the local level. The political institutions constitute the Executive and the Legislature. The last but not least is the Judiciary. The President of the country makes appointments to all public corporations and thus influences and controls their operations (National Planning Commission, 2004/2008).

4.2.2 The Economic Context

Petroleum plays a dominant role in the nation's economy and contributes about 90 percent of the gross export earnings. It is reported that oil reserves would likely last for another 33 years (National Planning Commission, 2004). The National Planning Commission estimates the natural gas reserves at 174 trillion SCF. Gas is expected to last for 110 years going by the current rate of production. Based on the world price of liquefied gas, a tanker containing 150 thousand cubic metres is worth about $14 million. The National Planning Commission estimates that currently flared gas is about 80 percent. Arrangements are however in place to end gas flaring soonest. The NNPC was formed to regulate the oil and gas sector. It, however, does not carry out the oil and gas business alone. It collaborates with other partners or joint ventures. In the oil industry, Shell, Chevron, Mobil, Agip, Elf, Texaco and Pan Ocean constitute the joint venture (JV) companies, though some of the JV companies have merged recently. There is now the Exxon-Mobil, TotalFina+Elf, PhillipsConoco and ChevronTexaco mergers. The under performance of the sector appears to be a problem and requires corporate parenting and corporate-level strategy practices for value creation in economic terms (National Planning Commission, 2004).

Nigeria is also resource rich in agriculture and solid minerals but ironically poor (UNDP, 2000/2001) and as a result had by 2005 accumulated external public debt of US$35 billion (Central Bank of Nigeria, 2005). However, some concerted efforts had been made to reduce the debt to $5 billion (Debt Management Office, 2005). Nigeria has an unemployment rate of 11.8 per cent by 2004 (Federal Office of Statistics, 2005). These

show that there is a need to install practices that can create efficiency and effectiveness both in the private and public corporate worlds (Burton and Obel, 2004). The foregoing suggest therefore that since there has been noticeable value destruction and the nation is now making committed effort to improve the economy of the nation, managers of corporate organizations should think of paradigm shifts to improve organizational performance and profitability. This is indicative of the knowledge that as a major contributor to the economic well-being of the nation, the NNPC requires a study on its corporate parenting and corporate-level strategy practices. Earlier, the government on its part had taken several measures to ameliorate the poor state of affairs in the country. Amongst others, in 1999, it enunciated the reform programme of the National Economic Empowerment and Development Strategy (NEEDS) to specifically address the country's social, political, and economic decay. The goal of NEEDS was to strategically apply the resources of the country in such a way that the country would remain united and prosperous for the present and future generations (National Planning Commission, 2008).

It was anticipated that between 2003 to 2007, NEEDS would have consolidated its earlier gains and continued to build upon them to sustain reduction in poverty, generate employment, create wealth and re-orientate individual and corporate values. Its macroeconomic framework was based on empowering people, promoting private enterprise and changing the way the government does its work. It is through the perspective of changing the way government does its work that the mandate of the NNPC emerged. The theme embraced public sector reforms, privatization and liberalization, governance, transparency and anticorruption, service delivery, budget, and expenditure

reforms. The strategy was assessed to "have succeeded in stabilizing the poverty, consolidated the democratic governance structure and made modest progress in the social and economic sphere" (Nigerian National Planning Commission, 2004:iii). To comment on the success or failure of the NEEDS programme is, however, not within the purview of this study.

4.3   The Nigerian Government's Public Service Reforms

The nation deemed it necessary to implement some public service deregulatory reform programmes. The NNPC, a subset of the public sector was also mandated to review its business processes and pursue the following objectives to fulfill national aspiration:

- achieve improved levels of international competitiveness and sustainable profitability by expanding participation in the oil and gas industry further and pursue effective deregulation;

- grow crude oil reserves and production capacity to 4.5 million barrels per day by 2010 and obtain an upward review of national OPEC quota of gas production to an amount well over 187 SCF;

- monetize the Nigerian considerable gas assets optimally by implementing gas monetization projects via programmes such as the Liquefied Natural Gas and Gas-to-Liquid;

- improve Nigeria's human capacity and local material content; and

- transit from the oil company status to integrated oil and gas company status.

(NNPC, 2004)

The Corporation has therefore become aware that, amongst others, it faces strategic business challenges in the form of changes in the business environment, globalization, government reforms (deregulation, privatization and commercialization), heightened expectations of stakeholders, need for encouraging compliance with health, safety and environment regulations; efficient community relations; human resource transformation and effective organizational processes and technology (NNPC, 2004).

The mandate of the Federal Government has placed great responsibility on the NNPC and it must therefore transform in all its corporate spheres. The NNPC realizes that to meet the challenges posed by the mandate and compete in the global oil and gas industry, it has to change its outdated business processes, improve its human resource capability and competences, and increase its level of productivity. Further, there is need to review its bureaucratic processes and organizational design in order to compete with other international and national oil companies (NOCs) such as Petrobras of Brazil and Petronas of Malaysia (NNPC, 2004).

4.4   The Nigerian National Petroleum Corporation

In this Section, the formation of the NNPC, its metamorphosis up to the present state; activities; joint ventures; its directorates; SBUs and CSUs; leadership; strategy; structure; the government's mandate and its engagement of consultants are reviewed.

4.4.1   The Historical Perspective of the Nigerian National Petroleum Corporation

The NNPC was established as an integrated oil company on 1st April, 1977 by the NNPC Act No. 33.   The NNPC was a merger of the Nigerian National Oil Corporation

(NNOC) and the Ministry of Petroleum Resources (MPR). It was set up to carry out the nation's oil and gas regulatory roles, collect tax and participate directly in all aspects of the petroleum industry through equity holdings in the oil companies and technology acquisition by indigenes. By design, the NNPC was expected to be an 'expert' in the industry. This expertise role is seized upon as a theme in the testing frame of the corporate-level strategy framework to be developed. The NNPC supports the government to achieve its goals of rapid industrial and commercial development of the country. Government's equity participation through the NNPC stands at 55 per cent in Shell and 60 per cent in Chevron, Mobil, Agip, Elf, Texaco and Pan Ocean respectively (NNPC, 2000a). Initially, the NNPC was structured into eight divisions to permit enhanced productivity and room for more staff participation (NNPC, 2000). In October 1985, the corporation was restructured into five quasi-autonomous units and designated sectors and headed by Sector Co-ordinators (NNPC, 2000). The sectors were Oil and Gas, Petrochemicals, Refineries, Pipelines and Products Marketing, and Petroleum Inspectorate. The thrust was, amongst others, to encourage innovation and positive aggressiveness in the oil and gas business.

On January 21st, 1988 the corporation was reorganized for commercialization and was restructured into three major areas of responsibility: Corporate Services, Operations and National Petroleum Investment and Management Services (NAPIMS). Group Executive Directors headed the Corporate Services and Operations responsibility areas whilst NAPIMS was headed by a Coordinator. However, the Petroleum Inspectorate, which was the petroleum regulatory arm of the NNPC was transferred to the Petroleum

Resources Department of the Ministry of Petroleum Resources. By 1999, due to increased levels of activities and functions the corporation had 11 SBUs namely the Nigerian Petroleum Development Company Limited (NPDC), Integrated Data Services Limited (IDSL); Warri Refining and Petrochemical Company Limited (WRPC); Kaduna Refining and Petrochemical Company Limited (KRPC) and the Pipelines and Products Marketing Company Limited (PPMC). Other units included: Hydrocarbon Services of Nigeria Limited (HYSON) in affiliation with Calson (Bermuda) Ltd. (a joint venture between NNPC and Vitol S.A., a Swiss international crude oil and products trading company); National Engineering and Technical Company (NETCO); Nigerian Gas Company Limited (NGC); Liquefied Natural Gas Company Limited (LNG); Port Harcourt Refining Company Limited (PHRC) and the Eleme Petrochemicals Company Limited (EPCL). These companies were grouped under six directorates: Exploration and Production (E&P), Refining and Petrochemicals (R&P); Engineering and Technology (E&T); Commercial and Investments (C&I); Finance and Accounts (F&A) and Corporate Services (CS). EPCL was later sold by the government. The SBUs and CSUs have their respective vision and mission statements (NNPC, 1988, 1999).

4.4.2 Leadership Succession

The importance of leadership had been stressed by the CACG (2000). It explained leadership as a dimension that promotes efficiency, effectiveness and sustainability and as a result contributes to the welfare of society by creating wealth, employment and crafting solutions to emerging challenges. Also CACG (2000) perceived leadership as part of the principles of good corporate governance requiring that every corporation be

headed by an effective board which should exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity and to act in the best interest of the enterprise in a manner based on transparency, accountability and responsibility.

From the inception of the NNPC in 1977 to 2008, there had been nine successive governments and twelve changes in the leadership mantle of the NNPC commencing from the fifth Head of State in 1976 to the thirteenth Head of State in 2007. For instance, the first group managing director, Chief F. R. A. Marinho administered from July 1977 to April 1980 and again from January 1984 to October 1985. The second, Chief O. Lolomari administered from April 1980 to August 1981. The third, Mr L. Amu administered from October 1981 to January 1984. The fourth, late Mr G. A. Adams administered from November 1985 to April 1990. The fifth, Dr T. M. John administered from April 1990 to June 1992. The sixth, Mr Edmund Daukoru administered from June 1992 to October 1993. The seventh, Mr C. O. Oyibo administered from November 1993 to August 1995. The eighth, late Engr D. Bayero administered from August 1995 to May 1999. The ninth, Mr Jackson Gaius Obaseki administered from May 1999 to November 2003. The tenth, Engr Funsho Kupolokun administered from November 2003 to August 2007. The eleventh, Engr A. L. Yar'adua administered from August 2007 to January 2009 and the twelfth, Mr M. S. Barkindo administered from January 2009 to date (NNPC, 2009).

The NNPC is galvanized by a vision statement which colours its strategies as: "a world-class oil and gas company, driven by shared commitments to excellence, customer satisfaction and continuous improvement" (NNPC, 2000b). The corporation is oriented towards efficiency, profitability and financial autonomy as it utilizes skilled manpower and technology in its operations and seeking to maintain its leadership role in the Nigeria's long term growth and economic development through the start up and fostering of new gas and petroleum-based industries.

4.4.3 Strategy, Structure and Process

In 1986, the NNPC embraced strategic planning philosophy with a view to improving its productivity. However, prices of oil fell and thereby constrained the Government to reduce its subventions to the corporation. This precipitated a reorganization of the corporation and placed it as a strategically planned and commercially managed integrated international company with the mission to profitably explore, develop, produce, process and market crude oil and refined petroleum including their by-products and derivatives at competitive prices both at home and abroad (NNPC, 2000b). Structurally, there is a defined relationship between the corporate head office or headquarters and the subsidiaries. The number of employees of the corporation as at September 2008 stood at 9,964 with some of the services like Security having been outsourced partially. Also, Drivers attached to some senior officers were retired and their services monetized (NNPC, 2008). As there are parenting levels at the corporate headquarters, so there are management levels at the SBUs and certain commercially-focused CSUs. At the corporate level, the GMD, GEDs, GGMs, GMs, Managers and DMs constitute the

parenting levels. At the SBU level, the MD, EDs, Managers and DMs form the management levels, whilst at the functional CSU level, the GGM, GMs, Managers and DMs constitute the parenting layers. The NNPC is administratively operated through corporate policies and procedure guides. The NNPC uses strategic management tools to plan, control and co-ordinate. The subsidiaries yearly present their budget proposals and programmes to the corporate parent for consolidation and approval.
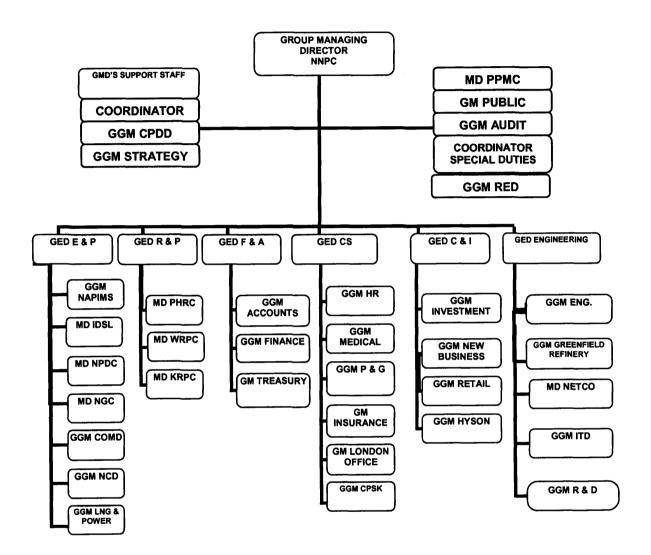
4.4.4 Administration and Organization Design

The GMD oversees the entire corporation and reports to the government through the Board of Directors and Minister of Petroleum (Energy) with whom the GMD has dotted line relationship. Again, the GMD reports to the President of the country. In 2003, the NNPC had six GEDs reporting to the GMD. In 2007 there were four GEDs. Thereafter the number was increased to six for the second time. There are 11 SBUs and 24 CSUs. The GGMs, GMs and MDs report to the GEDs. Currently, the following organization charts presented as Diagrams 4.1 to 4.3 are in operation. As depicted on Diagram 4.1, on the next page, the GMD is the head and he represents the first parental level. Certain neck functions are created to support him. These are listed under the GMD's directorate.

(i)   **GMD's Directorate**

The neck functions are the Corporate Secretariat and Legal Division (CSLD); Corporate Planning and Development Division (CPDD); the Strategy Group, the Group Public Affairs Division (GPAD); the Audit Division; the Special Duties

Division; the Renewable Energy Division (RED); Nigeria Daewoo Shipping (NIDAS); Nigeria Korea Marine Transport Ltd (NIKORMA) and the PPMC.

Diagram 4:1: NNPC's Broad Organization Structure


```
                              GROUP MANAGING
                                 DIRECTOR
                                   NNPC

  GMD'S SUPPORT STAFF                              MD PPMC

      COORDINATOR                                 GM PUBLIC

      GGM CPDD                                    GGM AUDIT

      GGM STRATEGY                                COORDINATOR
                                                  SPECIAL DUTIES

                                                  GGM RED


  GED E & P    GED R & P    GED F & A    GED CS        GED C & I    GED ENGINEERING

   GGM                        GGM        GGM HR         GGM           GGM ENG.
   NAPIMS      MD PHRC      ACCOUNTS                  INVESTMENT

   MD IDSL                  GGM FINANCE   GGM          GGM NEW      GGM GREENFIELD
                MD WRPC                  MEDICAL      BUSINESS         REFINERY

   MD NPDC                  GM TREASURY  GGM P & G     GGM RETAIL    MD NETCO
                MD KRPC

   MD NGC                                 GM          GGM HYSON      GGM ITD
                                        INSURANCE

   GGM COMD                             GM LONDON
                                         OFFICE

   GGM NCD                              GGM CPSK                     GGM R & D

   GGM LNG &
   POWER
```

Source: NNPC, 2008

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However, CSLD, NIDAS and NIKORMA are not listed on the organization chart but they exist in practice.

The CSLD is the corporation's legal department. It takes charge of all legal and corporate secretarial matters for both the headquarters and the SBUs. CPDD is the planning organ of the corporation. It plans from the headquarters and also coordinates the activities of planning departments in the SBUs. The Strategy Group is relatively new and is concerned with matters of corporate-level strategy. The GPAD sees to the external public relational issues. The Audit Department is independent and ensures that policies, procedures and controls are adhered to in the corporation. The Special Duties Division assists the GMD in areas the GMD assigns duties to it. RED is created to source and initiate other energy alternatives. NIDAS and NIKORMA are joint ventures and are involved in shipping transactions. PPMC markets the products of the corporation (NNPC, 2000c; 2008).

The second parental level is represented by Exploration and Production, Finance and Accounts, Corporate Services, Commercial and Investment and Engineering Directorates, which are discussed below:

(ii)   **Exploration and Production Directorate (E&P)**
The NAPIMS, IDSL, NPDC, NGC, COMD, NCD and LNG&P report to the GED, E&P. NAPIMS oversees the Federation's investments in the joint venture

businesses. It also markets the accruable crudes and engages in direct exploration services. IDSL engages in seismic data acquisition, processing and interpretation as well as petroleum/reservoir engineering, data evaluation, computer and in other ancillary services in the country and other West African sub-regions. It provides storage and archival services. NPDC engages in exploration and production of crude oil and gas. NGC engages in gathering, treating, transmitting and marketing of natural gas and its by-products. COMD acquires and disposes of the country's crude oil and petroleum products. NCD is to encourage the gradual Nigerianization of the oil and gas sector hitherto relatively pervaded by foreign expertise and engineering hardware. LNG&P represents the corporation in the natural gas and power joint ventures and implements the gas monetization projects (NNPC, 2000c; 2006).

(iii) **Finance and Accounts Directorate (F&A)**

This directorate is currently responsible for all the Finance and Accounts functions in all the 11 subsidiaries and 24 CSUs. The GMs or Managers of Finance and Accounts Divisions or Departments report to their various MDs in the respective SBUs and have dotted functional reporting relationship with the GED, F&A. At the headquarters, the F&A is broken down into Accounts and Finance Divisions, and Treasury Department.

(iv) **Refining and Petrochemicals Directorate (R&P)**

The WRPC, KRPC, and PHRC report to the GED responsible for this directorate.

WRPC processes crude oil into petroleum products, manufactures and markets petrochemical products. KRPC processes crude oil into refined petroleum products and manufactures Linear Alkyl Benzene tins and drums for domestic consumption and exporting. PHRC provides petroleum refining services to the NNPC at a minimum cost and to the international market at competitive prices. It also spearheads the development and production of specialized petroleum products.

(v)   **Corporate Services Directorate (CS)**

This directorate is responsible for the organizational designing of the NNPC. It is responsible for the movement of people round the corporation. There are Executive Directors (Services) in all the respective subsidiaries who, when required, brief the GED (CS) on their activities on the basis of dotted line reporting relationship. However, their primary responsibility is to their respective Managing Directors in the SBUs. CSUs such as Group Human Resources (GHR), Medical; Pensions and Gratuities; Insurance; London Office and Centre for Petroleum Studies, Kaduna (CPSK) are under the Corporate Services Directorate. These CSUs offer shared services to the staff of the corporation. For efficient staff deployment, the Corporate Services Directorate liaises with the other directorates in the matter of who is to occupy what box when this is necessary. However, top level appointments are recommended by the GMD and approved by the government. Sometimes the government makes appointments without the GMD's input (NNPC, 2004, 2008).

(vi)   **Commercial and Investment**

Under this directorate, there are the Investment, New Business and Retail Divisions, including HYSON. Investment Division, amongst others, engages in corporate business development and oversees the investments of the corporation. New Business Division, as the name implies, is concerned with the development of new corporate businesses for organic growth initiative. HYSON is a joint venture between the NNPC and Vitol S.A. As stated earlier, it markets the NNPC's excess petroleum products in the West and Central African sub-regions and elsewhere (NNPC, 2004, 2008).
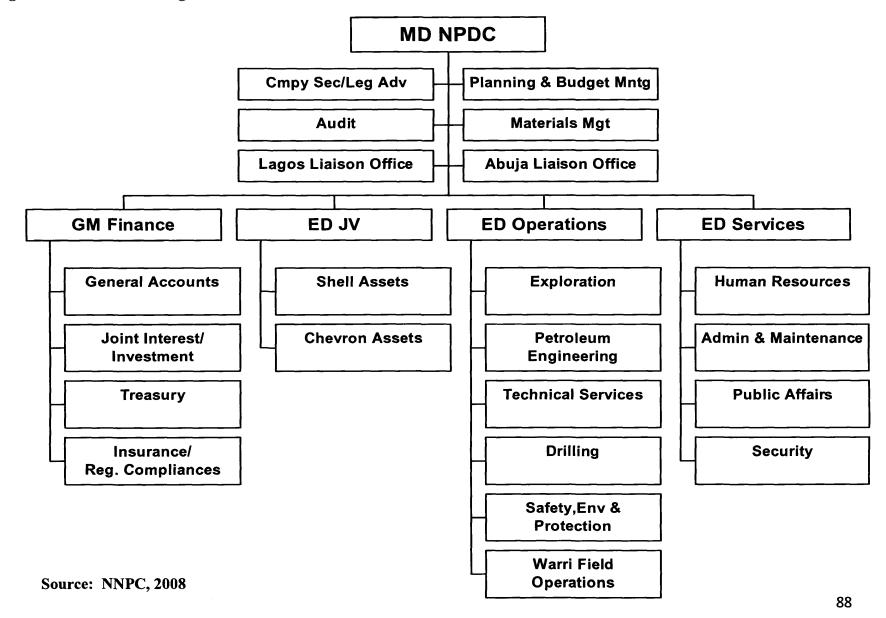
(vii)   **Engineering**

This directorate consists of the Engineering, Information Technology (IT) and R&D divisions, Greenfield Refinery and NETCO. Engineering engages in all the engineering projects of the corporation and is responsible for formulating policies relating to engineering. IT is responsible for IT-based infrastructure and initiatives, including formulation of policies relating to information technology. R&D is in charge of research and development, including innovative initiatives of the corporation. Greenfield Refinery is for the development of new refineries. NETCO is an engineering and technical company that consults for the NNPC and offers excess engineering capacities and capabilities to other companies in the oil and gas sector (NNPC, 2008).

(viii) **The Strategic Business Units**

The third parenting levels are represented by the heads of the SBUs and CSUs. Diagram 4.2 below shows an organizational chart of NPDC which is representative of all other SBUs. The same number of managerial levels are found in all the SBUs, namely MD, EDs, Managers and DMs. The difference between a GM and an ED is neither here nor there. The nomenclature is different but they are on the same level in the line of chain command. The organization chart also shows some neck functions which support the MD (NNPC, 2008). These neck functions are the counterparts of the neck functions shown under the GMD's directorate on the NNPC broad organization chart. Because the study concerns parenting, only the parenting levels are referred to. The functions and services are not restated or explained.

Diagram 4.2:   NPDC's Organization Structure

```
                              ┌─────────────────┐
                              │    MD NPDC      │
                              └────────┬────────┘
                                       │
        ┌──────────────────┐          │          ┌──────────────────────┐
        │ Cmpy Sec/Leg Adv │──────────┼──────────│ Planning & Budget Mntg│
        └──────────────────┘          │          └──────────────────────┘
        ┌──────────────────┐          │          ┌──────────────────────┐
        │      Audit       │──────────┼──────────│    Materials Mgt     │
        └──────────────────┘          │          └──────────────────────┘
        ┌──────────────────┐          │          ┌──────────────────────┐
        │Lagos Liaison Office│────────┼──────────│  Abuja Liaison Office │
        └──────────────────┘          │          └──────────────────────┘
```

GM Finance	ED JV	ED Operations	ED Services
General Accounts	Shell Assets	Exploration	Human Resources
Joint Interest/ Investment	Chevron Assets	Petroleum Engineering	Admin & Maintenance
Treasury		Technical Services	Public Affairs
Insurance/ Reg. Compliances		Drilling	Security
		Safety,Env & Protection	
		Warri Field Operations	

(ix)   **The Corporate Services Units**

The CSUs are the counterparts of the SBUs. Whilst the SBUs face the customers and produce the goods and services, the CSUs traditionally support the parenting functions. The number of parenting or managerial levels is the same with that of the SBUs: GGM, GM, Manager and Deputy Manager. The GM is of the same functional status with the ED of an SBU. Diagram 4.3 shows the organization chart of NAPIMS. As depicted, there are neck functions here too that are supporting the GGM. At the CSU level, the GGM is the head. The GGM is the counterpart of the MD at the SBU level. They both occupy the same position on the organization line of chain command. In other words, they have the same functional status. The corporation, however, operates uniform salary scales for GEDs, MDs, GGMs, EDs, Managers and DMs respectively (NNPC, 2008).

Diagram 4.3:   NAPIMS' Organization Structure

Source: NNPC, 2008

4.4.5 NNPC in the New Millennium

Dwelling on the NNPC's vision in the new millennium, the Group Managing Director commented:

> "... Another reason for the expectation was that many individuals and corporate entities were marshalling out their thoughts, dreams or vision of the way they will like to see themselves or their corporation this millennium. Surely, the Nigerian National Petroleum Corporation (NNPC) is not let out in this exercise of moulding a vision geared towards repositioning the corporation for the challenges of this new millennium....
>
> ... The country's political and socio-economic development especially in the recent past seemed to have saddled the NNPC with too many roles. This, coupled with severe exogenous pressures derailed NNPC from its originally set goals, resulting in decay and distortions that have permeated the system. This affected efficiency, staff morale leading to poor and inefficient delivery of services to consumers by the Corporation. These roles the Corporation was saddled with, apparently propelled the Government's desire to privatize some of its interests in the NNPC as an easy way out rather than grapple with the problems and sustain the ideals for which NNPC was incorporated....
>
> ... If NNPC is not to be irrelevant in the scheme of things it must, in this millennium, look seriously at the following issues including developing innovative strategies at achieving its set objectives:
>
> 1.   Plant maintenance and availability
>
> 2.   Optimal funds application and utilization of resources, human and material.
>
> 3.   Human resource development
>
> 4.   Safety of the environment
>
> 5.   Role of Government" (NNPC, 2000, p. 5-7)

The above comments raised the issue of repositioning the corporation. This presupposes a restructuring of the corporation to meet the challenges of the new millennium. They

also inferred the over-bearing nature of Government on the activities of the corporation. In 2004/2005 precisely, the management of the NNPC engaged the consultancy services of Accenture and SMS to transform the NNPC, especially as it concerned the issue of corporate strategy, as explained in the Introduction Chapter. The leadership of the NNPC, believing in change and resolving to improve the organization structure under the new Management, has intensified re-organization of the corporation along professional lines (NNPC, 2004). The dynamics of change and reorganization have clearly indicated the need to incorporate 'eclecticism' in the new framework of this study. Partial effort in redeployment of staff to areas of their core competence is reported to be re-injecting professionalism into the system and optimizing productivity. The new millennium has placed more corporate parenting responsibilities on the NNPC and it is expected that it can adopt the organizational tools and techniques which corporate parenting offers in order to be more efficient and effective (Wit and Meyer, 2004). In line, therefore, the management of the NNPC has indicated that it will restructure the corporation into a 'holding company' managing the strategic businesses as distinct portfolios. What is not clear here is whether 'distinction' means 'autonomous'. It has been argued that the 'holding' concept cannot be separated from the acquisition integrative perspective (Haspeslagh and Jemison, 1990). The NNPC may not be classified under any of the approaches: whether absorption, preservation, symbiotic or holding (Haspeslagh and Jemison, 1990).

The legal framework of the NNPC does not classify it as such (NNPC Act No. 33). The NNPC has indicated that it will focus on profitable commercial activities and gradually

withdraw from regulatory activities and become result-oriented world class oil and gas corporation operating appropriate processes and procedures (NNPC, 2004). Thus, it would adopt new corporate governance principles to improve speed of decision making and enhance collective accountability. Hence, the dimension of 'entrepreneur' is further supported for driving and testing the new corporate-level strategy framework. The management has indicated further that it would enforce the NNPC's core values in order for employees to imbibe the right corporate attitudes and behaviour (NNPC, 2004). Here again, the theme of 'ethos' is supported for the anticipated framework. These demands require an awareness of corporate parenting and corporate-level strategy ideals and exploitation of their tools and techniques for the overall benefit of the corporation.

4.4.6 The Project PACE and NNPC Transformation

The outcome of the new strategic thinking caused NNPC to launch Project PACE in 2004 to transform the corporation into a world-class oil and gas organization. PACE stands for: *Positioning* and *Aligning* NNPC for high performance, *Creating* appropriate processes and systems for global competitiveness; *Enabling* and *Empowering* its people. 'PACE' can be situated within the Five Lenses Analysis Model for inter SBU linkage adopted by Campbell and Goold (1998). For instance, 'P' standing for 'positioning' has to do with the mental maps which are the organizational beliefs and knowledge. 'A' standing for 'aligning' has to do with 'functions, central services and resources' of the organization, which congruence is very important for synergy management. 'C' standing for 'creating' deals with 'structures, systems and process' which have to undergo changes

and 'E' standing for 'enabling' and 'empowering' appears situated for 'people and skills' including 'decentralization contracts'.

Through the PACE project, the corporation is expected to develop world-class capabilities, strategies, technologies, human resources, systems, processes and structures for efficient operation and improved performance. The NNPC has recorded a number of quick wins and achievements including laying of foundation for corporate performance enhancement through revision of corporate headquarters (CHQ) and SBUs' organizational structure and institutionalization of performance culture. It has made a lot of savings from contracting and procuring through a technology solution known as the Petroleum Market Place managed by the Nigerian Petroleum Exchange (NiPEX) in NAPIMS. It was reported that resulting from Project PACE initiatives, about 5%-10% savings in contracting and procurement in the Nigerian oil and gas industry had been achieved (NNPC, 2008).

The NNPC has re-engineered key levers for improving the effectiveness of NAPIMS. It is also implementing an enhanced management information system (MIS) in NPDC and hoping to increase NPDC's operational effectiveness further. The NNPC is currently re-engineering its human resources function to effectively play the role of a business partner and has also defined and commenced vigorous implementation of information technology initiatives needed to enable and support a high performing world-class organization. The NNPC is therefore envisaged to be positioning as an 'exemplar' – a model. The theme of

exemplar is further supported for inclusion in the new corporate-level strategy framework.

4.5 Conclusion and Summary

This Chapter has traced the socio-economic features of Nigeria, spanning from when the country was amalgamated and the subsequent structural changes it has experienced. The reform that gave rise to this study was reviewed. The NNPC's formation was traced in addition to the organizational changes it has undergone. The successive political leaderships the corporation has survived predicated on the instability in the governance of the country were traced. The NNPC's strategy, structure and process were revisited. The corporation's strategic leadership, its directorates, strategic business units and corporate services units were explained. The restructuring and performance improvement challenges the corporation faces and the strategies currently being adopted in the new millennium including the transformation project were also explained. The themes of 'expertise', 'eclecticism' 'entrepreneur', 'ethos' and 'exemplar' that are to be incorporated in the expanded corporate-level strategy framework are partly supported by the review on the features of Nigeria and the Nigerian National Petroleum Corporation.

CHAPTER FIVE

RESEARCH METHODOLOGY

5.1   Introduction

This Chapter details the overall research design by explaining the research types, research strategies, approaches, methodologies, triangulation, methods, sample size and data analysis techniques adopted in the study. It also explains how the pilot study was conducted and discusses the practical and ethical issues faced during the research. The study further explains how validity and reliability were achieved.

5.2   Types of Research

There are varied types of research ranging from interpretive phenomenological analysis, discourse analysis, thematic analysis, ethnography, action research, participative research and collaborative research (Coolican, 2004). Interpretive phenomenological analysis considers the individual's view of the world. It assumes that researchers can attempt to predict or pre-empt what perceptions other individuals carry about the world. This research type recognises that the participants or respondents being studied who usually are picked from purposive sampling can be misrepresented due to the researcher's world-view. Interview transcripts, diaries and autobiographies are the main raw data sources for this research type analysis (Coolican, 2004).

This study adopts the participative research type as it allows the researcher who is an organizational member of the NNPC to collaborate with fellow colleagues as respondents or participants and interviewees to indicate their perceptions and attitudes through responses to questionnaire and interview sessions. Further, adopting the participative research type means drawing also from the strengths of interpretive phenomenological analysis research. Participative research type consciously involves the participants or respondents in the research process and assumes that either of the research parties must have some superior knowledge (Coolican, 2004).

5.3   The Research Strategies

Two major types of research strategies are considered: the case study and the survey. However, there are other strategies like the experiment, history and computer-based analysis of archival records. The case study examines one unit (a case) or a few units (cases) within a group and draws a general conclusion on the group. Another characteristic is that it is deployed to gain insight into causal processes. It is also used to study individuals (Bromley, 1986) or groups and organizations (Yin, 2003b) where this study falls within incidentally; in teaching (Bock and Campbell, 1962; and Christensen and Hansen, 1981); for improving practice (Pigors and Pigors, 1961) which is very pertinent for this study; and for clinical or archival recording (Yin, 2004). The case study research strategy is microscopic in context, therefore.

The survey strategy examines representative sample of certain population (which comprises several groups) and adopts findings based on such representative sample to

make generalisation on behalf of the population. Another feature is that it indicates the presence of an event, issue or phenomenon. This strategy is macroscopic in context and therefore contrasts with the case study strategy.

5.3.1 The Case Study Research Strategy

According to Yin (2004:xii), case study research investigates real life phenomenon or events in their natural settings or contexts. Coolican (2004:137) added that case studies enjoy considerable uniqueness but that their findings are not generalizable when they are applied to test hypothesis. The issue with Coolican (2004:137) is that it was not pre-emptory in pointing out the distinction between 'particularising' generalization and 'group' generalization. Yin (2004:124), offering clarification, posited that within a group, results obtained from a composite unit can be generalized because general laws are usually adopted to carry out the analysis of the particular case. Further, Yin (2004:124) maintained that there is internal analysis congruence with the case study strategy as opposed to the comparative analysis congruence associated with the survey research strategy.

In support of the case study research strategy, Coolican (2004:137) noted that it has the potential to contradict a theory because "one contrary case is enough to challenge seriously an assumed trend or theory or cause-effect relationship". However, case study research strategy makes possible the collating together of data from different individual studies for subsequent sorting and analysis for theory development in order to promote cross-case or multiple case studies.

The transformation of the NNPC is definitive and case studies are usually conducted during the defining moments of organizations (Coolican, 2004). This appears fundamental and hence the case study is favoured because it allows for the contextual placement of the NNPC's transformational issues within larger research literature to build up empirical knowledge that can tackle the inherent problems and possibly connect extant concepts and theories. Case studies permit what Yin (2004:xv) called "embedded units of analysis". Outside the research questions and objectives, some other related issues can be apparent and given attention. For example, some personal information gleaned from a questionnaire can pose challenges to management and thus elicit introspection. According to Yin (2004) this flexibility, which is non-linear and non-straitjacketed gives the case study research strategy the leeway to both employ analytic qualitative and quantitative evidence in the same study.

The present case study, which has the exploratory, explanatory and descriptive research dimensions or characteristics, is based on the "what", "why" and "how" questions which are incidentally interlaced in the study's interview guide and questionnaire; and generally it is argued that case studies are suitable for such interrogations (Yin, 1981a, 1981b; Coolican, 2004; Hedrick, Bickman and Rog, 1993). Furthermore, case studies can elicit pertinent hypotheses and propositions for further inquiry (Yin, 2003:6).

Yin (2003:8, 10) argued that the case study's unique strength is its ability to deal with a full variety of evidence – documents, artifacts, interviews and observations - and that it is generalizable to theoretical propositions and not to populations or universes.

Coincidentally, this appears to be the position of the NNPC. The industry-specific generalization appears analytic and particularising (Lipset, Trow and Coleman, 1956:419-420). Moreover, case studies offer opportunity for researchers to commence their analysis whilst data collection activities are in the status of work-in-progress (Yin, 2004).

Particularly concerning the single case design which this study has adopted, Yin (2003) justified it under certain conditions: when the case represents a critical test of existing theory, a rare or unique circumstance; or a representative or typical case or when the case series is revelatory or longitudinal. The NNPC's case appears unique and revelatory. The study seeks to reveal the corporate parenting ideals being practised and those not being practised.

However, Coolican (2004:137), amongst others, identified the weaknesses of the case study as follows:

- Low reliability and validity

- Low replicability of studies

- Carried forward bias of researcher

- Longer length of time of study and resultant massive documentation

- Lack of scientific generalization

Yin (2004:xix) added to the weaknesses by stating that the case study method does not situate clearly where it belongs within the divides of quantitative or qualitative methods.

Despite the foregoing weaknesses, the case study research strategy is most suited for this study because the study is about a unique organization – the NNPC – and the dimensions of corporate parenting and corporate-level strategy practices being studied are issues of perception. It is the case study research strategy that can flag off the richness of this revelatory study as opposed to the survey strategy. The researcher attempted to reduce the weaknesses by ensuring that the unit of study was properly defined, the questionnaire and interview guide were structured with utmost care, pretested, validated and piloted, the questionnaires were administered within a given time frame and collated for analysis and the interviews were conducted in a credible manner. The researcher detached himself from preconceived notions gathered prior to the study and followed the research protocols strictly in order for the findings to be generalizable and replicable. Moreover, because the study did not test hypothesis, the question of generalizability does not pose any serious problem. Organizations can copy best practices from one another, so findings from this study can be generalized to other similar organizations. The adoption of methodological triangulation reduced the weaknesses and aided the analysis of the 181 questionnaires, including the conduct of the two interviews. As a precedent, Patton (1977) had deployed the case study strategy to conduct an extensive and intensive study of the formal structural dimensions of the British Steel Industry and made findings that the survey strategy is not best suited for.

5.3.2 The Research Approaches or Philosophies

Cohen *et al.* (1994) observed that in the social sciences researchers adopt two research approaches: positivism or objectivism and anti-positivism or subjectivism which is also described as *a priori* and *a posteriori* respectively. They argued that researchers using the positive approach (*a priori*) see the social world of natural phenomena as being hard, real and external to the human being and therefore measurable. This approach appears to relate well with the survey research strategy. Its fundamental underpinning is to describe the social world through quantification. In the social sciences, it is difficult for one 'law' or 'generalization' to be applied to all people and culture (Borg, 1989). This argument seems germane also for organizational studies.

A posteriori research approach or subjectivism sees the social world as particularly softer, individualistic and therefore prefers choosing from emerging techniques such as participant-observations and emerging personal constructs. This relates or correlates well with the case study strategy this qualitative study adopted. Though this approach is subjective, it allows for guarded values, interpretations and feelings of the researcher. Because the *a posteriori* is adopted, hypotheses are not tested rather research questions are deployed. More so, the study is not involved with laboratory or scientific subjects. However, triangulation is deployed to aid the study's objectivity, reliability and validity because the *a posteriori* approach allows such.

5.3.3 The Survey Research Strategy

A survey solicits information from a relatively larger number of respondents or population. Several small case studies usually emerge when a good number of individual responses are pooled. Survey studies are deployed where research objectives necessitate either a descriptive analysis or a causal design (Yin, 2004).

Survey studies place emphasis on population sample, the questioning strategy and the questions asked. The population sample may either take a census or panel or focus group pattern (Coolican, 2004). As part of its features, Aaker and Day (1980) pointed out that the survey research demands considerable judgement in the application of alternative qualitative research methods and therefore gives the process of triangulation a thriving prominence. It adopts a reasoning structure which goes from the particular to the general, and produces analysed comparative data which may eventually develop an emergent theory.

The survey research strategy is not used for this study because the unit being studied is regarded as a case. Case studies usually adopt smaller sample size to make their revelatory objectives clearer and crisp. There is not too much of a descriptive analysis of the study as is the case with survey studies. Furthermore, the NNPC's case requires an inductive reasoning structure instead of the deductive reasoning structure of the survey method. The weaknesses of the survey strategy have been identified by Coolican (2004:164) and Yin (2004) as:

- Restriction to descriptive or analytical purposes

- Loss of more informative data due to structured nature of questions

- Superficial gap creation between interviewer and respondent resulting in lack of trust and confidence.

- Greater possibility of production of 'public responses' rather than respondents' genuine ideas.

- The expensive nature of the strategy both in time and human resources.

Based on these weaknesses, the survey strategy is not the preferred strategy for this unique study.

5.4 The Research Methodologies

There are two major research methodologies: the quantitative and qualitative. Some authors clarify the quantitative methodology as philosophically positivistic and qualitative methodology as philosophically interpretivistic. Whilst the quantitative methodology applies statistics or numeracy, the qualitative methodology applies value-based wordings or meanings.

5.4.1 Quantitative Methodological Propositions

Coolican (2004:45) stated that "quantitative or hypothetico-deductive approach is based on the philosophy of positivism and studies only meaningful phenomena scientifically through observation and quantitative measurement". The emphasis the statement carries is that without measurement, concepts and statements are incomprehensible. It stresses

that research outcomes should be observable and statistically analysable. Quantitative research seeks to discover cause-effect relationships through deductive approach.

The quantitative ideology is associated with considerable objectivity, verifiability, reliability and validity. Because its design is highly structured and mechanistic, it is not too real to the social world. Reflexivity is therefore doubtful. This led Reason and Rowan (1981:240) to contrast that the qualitative ideology "needs to be seen for what it truly is; a way of preventing me from deceiving myself in regard to my creatively formed subjective hunches which have developed out of the relationship between me and my material". It is noteworthy also that quantitative researchers almost always summarise their work, discuss its significance and contribution to society in qualitative manner, which albeit does not exclude business organizations. However, this study took some features of the quantitative methodology, as its major data collection mode was the questionnaire, which it deployed to find out the perceptions of the NNPC's staff on corporate parenting and corporate-level strategy practices.

5.4.2 Qualitative Methodological Propositions

This study preferred the qualitative method because it is characterised by emphasis on meaning and participant observations (Vulliamy, 1990). It shows the nature of relations, causes and consequences that affect human beings and their behaviour. Qualitative research generates theories and findings from patterns, data collected and analysed and also from feedback received, which are well suited to this study; whilst quantitative research is laboratory-based and demands its outcome to be observable and measurable

statistically, which are never a feature of this study. Even though quantitative method has the domain of quantification, qualitative method is not precluded from using statistics to enrich its analytic designs (Coolican, 2004:5).

Reason and Rowan (1981:xv) argued also that "there is too much measurement going on. Some things which are numerically precise are not true; and some things which are not numerically precise are true. Empirical research produces results which are statistically significant but humanly insignificant; in human inquiry it is much better to be deeply interesting than accurately boring". Qualitative methods are rich in information, subjective in interpretation, realistic or naturalistic in setting; high in realism, reflexive and informative (Coolican, 2004:48). Further, the method allows for open communication between researchers and participants. Though qualitative research starts local, it moves from individual cases to a wider understanding of human phenomena, hence its findings can also be generalized (Coolican, 2004:226).

Since the intent of this research is to describe, explain and explore the world-class ideals of corporate parenting and show how the unit of analysis could gain value-addition and parenting advantage, qualitative research judging from the utilities enumerated above appears more appropriate. This is so as qualitative research offers more validity through greater degree of participant responsiveness and manageability or flexibility through research design and methods. Qualitative research is better in answering 'why' 'how' and 'what' questions (Yin, 2004). Again, since the answers that apply to the questions

can be applied in similar situations or organizations, qualitative research methodology appears most appropriate for this study.

5.5 Triangulation

Denzin (1997:318) explained that triangulation is "the application and combination of several research methodologies in the study of the same phenomenon". In line, Cohen (1988:294) also stated that triangulation is "the use of two or more methods of data collection in the study of some aspects of human behaviour". He stated further that many researchers appreciate its use but only a few, in practice, deploy it. To support that triangulation improves validity and reliability, Cohen (1988) argued that using more than one method contributes greatly to interpretational balance as one method can be used to evaluate the validity of the other. This argument does not apply only to communities but also to business organizations.

Triangulation was achieved through the use of samples from different categories of staff, use of questionnaire, interview guides, observation of respondents, perusal of documents and use of contact persons to gather data. So there was triangulation in data gathering, researcher involvement, theory and methodologies which are permissible (Siebor, 1973, Yin, 1982c; Patton, 1987 and Yin, 1994). These contributed in ensuring that the resulting findings were analytically convincing and accurate.

5.6   Research Methods

Generally, qualitative research applies methods or measurement tools such as: open-ended questionnaire; unstructured and semi-structured interviews, qualitative observation, participant observation, the diary method, archival records, documents, the clinical method, role-play and simulation, physical artifacts and individual case studies (Coolican, 2004 and Yin, 2004).   This research deployed the methods of 'summated ratings' questionnaire of Likert (Borg, 1989:597), the semi-structured interview technique (Coolican, 2004:153; Walford, 2001:40); observation and documents (Yin, 2004).

5.6.1   The Likert's 'summated ratings' Questionnaire

The Likert (1932) 'summated ratings' questionnaire applies the scale item formula of 'strongly agree, agree, undecided, disagree and strongly disagree' to elicit information from the respondent (Appendix II). It allows for test analysis and rejection of suspected items that reduce overall reliability of the questionnaire data. It has the potential to repeat analysis until satisfactory reliability is achieved and produces data that can be treated or measured as ordinal, nominal or scale. This is one of the reasons why the SPSS was used to analyse the data obtained through the summated ratings questionnaire.   The 'undecided' scale item of the Likert's questionnaire appears superfluous and ambiguous in this study, as it only implies a lack of information from respondents.

To encourage respondents, the researcher informed them that 20 minutes of their time would be required. This was stated on the covering letter to the questionnaire. The

questionnaires were distributed through contacts in the SBUs and by the researcher at the CHQ. Also, jargons or technicalese that would have slowed down the completion time, were explained to make understanding easier. Further, the researcher explained to the respondents how the findings of the study would improve the corporate parenting practices of the corporation and increase their knowledge. They were also promised that a copy of the thesis would be deposited in the corporation's library for reference purposes.

5.6.2 The Interviews Technique

The study adopted also the semi-structured interview technique. An interview guide was constructed and used (Appendix I). A recording device was deployed to allow uninterrupted flow of thought and later the recorded responses were translated and analysed (Appendices III and IV). The main purpose of the interview is to collect primary data to provide an understanding of the perceptions, values and attitudes of respondents or stakeholders on the issue being studied or investigated. According to Coolican (2004:153) the interview technique's advantages are a "natural conversation flow, freedom for the respondent to explore unpredicted avenues of thought, and flexibility of the interviewer in selecting aspects of the discourse to follow up". The interviewees were able to throw more light than was expected.

5.6.3 Observation Method

As an employee of the corporation, the researcher observed and experienced how corporate parenting and corporate-level strategy were being practised. The researcher

also observed how value was being destroyed through the improper use of time on the telephone and internet facility, as well as the lackadaisical attitude displayed by some staff towards official issues. The observation method also afforded an opportunity for the researcher to expeditiously obtain reference documents where they were located.

5.6.4 Documentary Evidences

Documents are veritable sources for data collection. They lend themselves for record inspection and data triangulation (Grossley, 1997:114), but great care needs to be taken to critically assess documentary sources before deploying them to gather data and information. The researcher sourced for information from internal memoranda, subject related textbooks and journals, policy statements, circulars and newsletters from the corporation's offices and library. Subsequently, the researcher continued to read related literature and previous studies on corporate parenting and corporate-level strategy with a view to specifying, defining and situating the NNPC properly. The essence was to ensure whatever information so gathered was authoritative and useful to the research effort and, further, was credible, verifiable and valid.

5.7   The Pilot Study

Yin (1994) described the pilot study as an abridged fore-runner replica of an original main study. The researcher carried out the pilot study to pre-test for reliability and validity of preliminary research methodologies and methods and discovered inherent weaknesses, ambiguities and areas of concern and corrected them before beginning the

actual data collection process for the main study. The pilot study was conducted with four (4) management staff to test the validity and reliability of the questions asked.

5.8   Data Analysis Techniques

Regarding this study, the resulting data from the questionnaire were analysed by using the SPSS. Though there are other software such as the computer assisted qualitative data analysis software [CAQDAS] (Fielding and Lee, 1998) and the non-numerical unstructured data indexing, searching and theorising - NUD-IST - (Graham and Hannibal, 1999). The reason for using the SPSS is that it is capable of performing a large number of mathematical and statistical functions and procedures and is also endowed with inherent data handling flexibility.

Qualitative research lends itself to the production of a large set of data through texts or words. This does not, however, mean that its findings and conclusions are not reliable and valid. The need to do what is right and be aware of the complex nature of qualitative data analysis led Miles and Huberman (1994:591) to ask "how can we be sure that our earthy, undeniable, serendipitous finding is not, in fact, wrong?" Regarding the interview, the tape-recorder information was transcribed to form notes, subjected to content analysis, key words coded, compiled and subsequently incorporated in the analysis and discussion (Strauss and Corbin, 1998).

5.9   The Questionnnaire

The questionnaire (Appendix II) was also validated by the group that validated the interview guides. Sixty four (64) main questions and 124 sub questions summing up 188 questions were asked excluding questions on personal information. The questionnaires were administered to 276 respondents across the corporation, but 181 actually responded, making a response rate of 65.6%. The distribution of the questionnaires was as follows:

S/No.	SBU/CSU	No of Questionnaire distributed
1.	CHQ	100
2.	NPDC	20
3.	NGC	20
4.	NETCO	20
5.	COMD	5
6.	HYSON	6
7.	IDSL	20
8.	PHRC	20
9.	WRPC	15
10.	KRPC	20
11.	PPMC	10
12	NAPIMS	20

Contact points were chosen in each of the SBUs and CSU (NAPIMS) to administer, retrieve and forward the completed questionnaires to the researcher at the CHQ. At the CHQ, the researcher administered and retrieved the questionnaires.   All the questionnaires as retrieved were collated and analysed by the researcher, deploying the SPSS.

The SPSS is endowed with a data editor consisting of two windows: the variable view and the data view. The 181 questionnaires retrieved were deployed for the analysis.

Thus, 181 rows of data were entered in the variable view window of the data editor. Each 'category' question attracted exactly one response. As a result, 219 category questions emerged and were entered into the 219 columns of the data view window. The 219 category questions were all individually coded in shorthand. For example, ACTIVITY was coded for the sub-question 'Activities sharing to SBUs/CSUs' and entered into the variable view window. This process was adopted for all the category questions and entered in the 219 rows of variable view window. The variable view window has 10 columns: name, type, width, decimals, label, values, missing, columns, align and measure. The essence of the 'type' column was to enter the numeric information. The 'width' column maintained the standard width size of '8'. The 'decimal' column also maintained the default decimal size of 'zero (0)'. The 'label' column stated in full form the questions asked. The 'values' column recorded the response value or code to the individual question, thus: '1' for 'strongly disagree', '2' for 'disagree', '3' for 'undecided', '4' for 'agree' and '5' for 'strongly agree'. For the theme on 'current position in office' under the segment of 'information on respondents' the following codings were adopted: '1' for 'supervisor', '2' for 'DM', '3' for 'manager', '4' for 'GM' and '5' for 'GGM'. This '1-5' coding was applied also to question on age and educational qualification. The question for 'no. of years on current position' was also ascribed the scale variables of 1-5. The question on 'no. of years in the NNPC's service' was assigned codes 1-8. The question on 'SBU/Division' was coded 1-12, 'No. of staff supervised', 1-7 and Professional Qualification, 1. The 'missing' column was coded 'none' because 'non-response' information was considered irrelevant. The default width setting of '8' in the column headed 'columns' was adopted. The 'align' column

caused all information to be aligned to the right, whilst the 'measure' column produced 195 ordinal variables and 24 scale variables. The data view window of the SPSS data editor displayed all the questions asked in 219 columns and the response values in 181 rows. The entries in the data view and variable view windows therefore corresponded. Through the selection of certain statistical commands, the frequency tables and statistical tables were produced to show percentages, mean, median, and standard deviations. The mean is the average of scores or middle point of a set of values. The median is the middle value or 50th percentile in a data set or cases when the values have been patterned in ascending order. The median is insensitive to extreme scores and appears more representative and the standard deviation is the most often used measure of dispersion or variability. It is defined as the average amount of variability in a set of scores. It is also referred to as the average distance or deviation from the mean (Salkind, 2004:19-26; 36-37). The statistical measures provided the data for the adapted statistical tables in Chapter Six. Further, the recorded responses from the interview sessions were replayed, transcribed, coded and incorporated in the study's data presentation and analysis.

5.10   Types of Sampling

This study deployed the convenience or opportunity sampling technique of the non-probability sampling method. These methods gave the researcher the freedom to conveniently choose the 276 sample size across the corporation. Also, with the selection of the two management officers involved with strategy, chief officers and other levels of management, purposive and snowball sampling techniques were incorporated (Kalton, 1983). The sampling was representative as it accommodated respondents who were most

qualified to speak on the issues involved in the research. Corporate parenting and

corporate-level strategy are management-level related concepts. Except the chief officers

who were a grade level below the managerial level, all others in the sample size were

managers of the corporation.

5.11 The Interview Process

The researcher developed interview schedule (Appendix I) which had earlier been pre-

tested with two GGMs, a GM and a manager and ratified by the researcher's supervisory

team. Interviews were conducted with the two management officers involved with

corporate-level strategy. The researcher commenced by asking very simple questions and

progressively went on to the very complex. The questions were not coated with

technicalese to avoid doubts as to the meaning of words. Where technicalese were

unavoidably used, they were defined. Also, leading questions were avoided to allow

room for interviewees to express themselves. The interviews lasted for more than two

hours. There were few interruptions indicative of how busy the officers were. The

recorded responses were later transcribed into typewritten form for subsequent analysis

(Appendices III and IV). The researcher was confronted with issues of limited time by

the interviewees. Despite that, the researcher persistently called on the officers until the

interviews were granted. The interviewees were given ahead of the interview date, the

interview guide with prompts. These guided them as to the number of questions and

stipulated that the interview would not last for more than two hours. To avoid

unnecessary interruptions, a tape recorder device was deployed for the sessions. Still, the

interview process took a lot of time. Pidgeon and Henwood (1997) had argued that "the

danger of audio recording is of taking too much information if the intention is to transcribe from spoken into written word". They estimated that it takes eight to ten times the duration of recorded speech to transcribe recorded interviews into written form.

5.12   Practical Issues in Researching

The researcher incurred some expenses trying to co-ordinate the contact persons in the various SBUs and CSUs and also made a lot of persuasive phone calls to reach those that were given questionnaires at the CHQ.   Working full time and studying part-time demanded a lot from the researcher.   Travelling for a minimum of two months consecutively once a year for three years to the University of Abertay Dundee in Scotland to meet with the supervisory team of the study was also another daunting task.   The defining fourth year's researching was on a full time basis at the University.   It was very stretchy and stressful.   All these however did not detract the researcher from the research time-table.

Furthermore, the researcher initially analysed the data of the questionnaire adopting simple percentage.   This was unacceptable to the supervisory team of the study. Consequently, the researcher had to travel back to Nigeria to retrieve the questionnaires for subsequent analysis deploying the SPSS.   This created further financial pressure, demanded new knowledge of the SPSS and imposed so much repetitive work on the researcher.   However, with the assistance of university staff in the Students Services and the Dundee Business School, the researcher was able to overcome the challenge of the SPSS requirement.   However, despite the added workload, the study provided new

experience, knowledge and reflections on corporate parenting and corporate-level strategy issues of the corporation.

5.13 Contemporary Ethical Issues

Ethical issues now pervade the research horizon in all aspects of inquiry. In business studies research, however, there are limited ethical concerns. Universities now set up Research Ethics Committees to ensure that research proposals and projects do not raise ethical issues. The Research Ethics Committee approves research topics before researchers commence studies. Researchers are expectedly required to state all aspects of the research that are capable of affecting interviewees' responses and decisions for the Committee to approve or disapprove before circulation of any form of communication to respondents. The researcher met the stipulated requirements, and also enlightened the respondents on the importance of their participation in the research to ensure its success. The objectives of the study were also explained. Respondents and interviewees were further assured confidentiality regarding the information they volunteered.

5.14 Validity and Reliability of Research Methods

Research studies can, in part, prove their worth and meet general acceptability when they pass the tests of validity and reliability. The following actions were taken to ensure the validity and reliability of the study:

5.14.1 The Questionnaire Tool

In constructing the questionnaire, the researcher avoided complicated terms, ambiguity, emotive language, privacy invasion, double-barrell and double negatives. Because of the demands of the Likert's scales, certain leading questions could not be avoided. The questionnaire was reviewed by the supervisory team of the researcher for clarity and appropriateness of questions. The supervisory team's endorsement was obtained before the questionnaires were circulated and field work embarked upon. The administration of the questionnaire commenced in December 2007 and ended in January 2008. Contact persons were appointed for the units outside the CHQ to handle the administration and retrieval of the questionnaires whilst the researcher did same for the headquarters. This ensured quick and better response rate. Researcher's interference with questionnaire completion by respondents was avoided. All collated questionnaires were safely and securely kept and thereafter sorted and translated through tabulation and analysis.

5.14.2 The Interviews Technique

The same interview guides and prompts which were earlier pre-tested on the two GGMs, a GM and a manager, as well as validated by the researcher's supervisory team were given to the interviewees. The purpose, objective and importance of the study were explained to the interviewees and their contributions were solicited for. The questioning pattern started from the simplest questions to the hardest questions. All technical terms were explained. There was cordial relationship. Interruptions during the interview sessions were reduced to the minimum. Flexibility in approach was adopted and explanations offered to clear murky areas. The deployment of tape recorder signalled

some sense of seriousness. The recorded information were transcribed immediately afterwards in order not to loose on trend of thought and avoid distortion of meaning. However, reliability test could not be carried out because the GGMs interviewed were too busy with the transformation assignments.

5.14.3 Observation and Document Methods

The researcher diligently recorded down all the activities of those observed. As an organizational member, the researcher was able to access the relevant documents from various divisions and copied essential references.

Following the foregoing, the researcher appeared to have complied with the requirements of Yin (2003) which embodied that research design quality should be governed by construct validity, internal validity, external validity and reliability. 'Construct validity' refers to painstaking collection of data from multiple sources. 'Internal validity' applies in data analysis, 'external validity' in research design, and 'reliability' in data collection.

5.15   Conclusion and Summary

The research in hand is intended to describe, explain and explore ways the metaphorical corporate parent can practice the corporate parenting ideals that can ensure consistent and persistent value addition and parenting advantage over other corporate parents in the oil and gas industry.

In this Chapter the methodologies and methods involved in designing the study were discussed. Regarding the methodologies, the qualitative methodology was adopted with some measure of quantitative approach. The study benefited from methodological and methods triangulation. The case study research strategy was preferred for this study. The *a posteriori* or interpretive research approach was deployed to guide the investigation and address the research questions. The study is inductive in its logical approach and was not guided by hypotheses which demands greater logical deductivity.

The methods deployed for the study were questionnaire, semi-structured interview, observation and documentary evidences. The study also deployed small sampling strategy and parameters to align with the research purposes and questions. Specifically the study adopted the non-probability based sampling methods, deploying the triangulated non-random sampling techniques of convenience, purposive and snow ball. Pilot study was carried out as a forerunner to the main study. Also explained in the Chapter were the steps involved in the data analysis and the place of ethical considerations in nascent research studies. The study, through all the stages, was guided by the requirements for reliability, verifiability and validity.

CHAPTER SIX

DATA PRESENTATION AND ANALYSIS

6.1   Introduction

The aim of this Chapter is to present an analysis of the primary data generated through the semi-structured, self-completed questionnaire administered to staff of the 10 dispersed SBUs, a CSU as well as the CHQ of the NNPC. The Chapter also provides the analysis of data collected through the interviews conducted with two management officers of the NNPC who were involved with corporate-level strategy.

The analysis of these primary data from both the questionnaires and the interviews answered the five research questions posed earlier in Chapter One. Apart from the demographic data of the respondents which are first presented, other data are classified and tabulated in consonance with the research questions.

The Chapter is divided into five sections. In section 6.2 is presented the analysis of population and demographic data of the respondents. Section 6.3 presents the analysis of responses to the research questions. Section 6.4 presents the analysis of the responses of the interviewees; Section 6.5 presents the research findings of the study and Section 6.6 concludes the Chapter.

6.2 Research Population and Demographic Data

This Section embodies explanation on the CHQ, SBUs and CSU that were selected to form the research population, study's sample size, respondents' current position in the organization, age, educational qualification, years of service in the corporation, years in current position and span of supervisory control. The information corroborates the importance of the study and shows the calibre of respondents that were involved in the study.

6.2.1 Study's Population and Sample Size

Table 6.1 below explains the data on the study's population and sample size. It states the mode of distribution of the questionnaire corporate-wide. A total number of 276 respondents were targeted for this study but 181 actually responded.

Table 6.1 -   Mode of Corporate-wide Questionnaire Distribution

Units	Target Population	Actual Response No.	Corporate-wide Cumulative Percentage Response	Unit-based Percentage Response
CHQ	100	81	29.3	81.0
NPDC	20	9	3.3	45.0
NGC	20	12	4.3	60.0
NETCO	20	8	2.9	40.0
COMD	5	3	1.1	60.0
HYSON	6	4	1.4	66.7
IDSL	20	10	3.6	50.0
PHRC	20	14	5.1	70.0
WRPC	15	9	3.3	60.0
KRPC	20	11	4.0	55.0
PPMC	10	8	2.9	80.0
NAPIMS	20	12	4.3	60.0
TOTAL	**276**	**181**	**65.6**	

Table 6.1 above shows that the highest response rate of 81% (81) on unit basis was obtained from the CHQ where the researcher solely distributed and retrieved the

questionnaires. The lowest response rate of 40% (8) was obtained from NETCO. The overall response rate of 65.6% (181) further showed that the study of corporate parenting and corporate-level strategy is of interest to staff of the corporation. More so, 65.6% response rate appears good enough when benchmarked against the minimum number of 30 respondents suggested for statistical analysis (Coolican, 2004).

6.2.2 Respondents' Current Position in the Organization

Table 6.2 below shows the current position in office of the respondents in the organization.

Table 6.2 - Current Position in the Organization

Respondent's Position	No. of Respondents	Percentage Response
Supervisor	84	46.4
Deputy Manager	42	23.2
Manager	21	11.6
General Manager	15	8.3
Group General Manager	1	.6
Non-Response	18	9.9
Total	181	100.0

Table 6.2 above shows the category of officers that were included in the sample size. It can be seen that the respondents were very senior officers of the corporation. The frequency rate of 46.4% (84) indicates that there was a large number of supervisors. Further, a dwindling response rate or pattern can be seen from the DMs' level 23.2% (42) to the GGMs' level 0.6% (1), indicating that the higher managers went up the career ladder, the fewer the openings for further promotion. The supervisory group was selected as the most critical group for the study because of its transitory closeness to the management cadre. The frequency rate of 9.9% (18) recorded for the 'non-response'

scale variable explained respondents' lethargy towards personal information declaration.

This trend affected all questions requiring personal information declaration.

6.2.3 Respondents' Age

The Table 6.3 below shows the ages of the respondents who were given questionnaires for completion.

Table 6.3 - <u>Age of Respondents</u>

Age	No. of Respondents	Percentage Responses
30-34	1	.6
35-39	6	3.3
40-44	42	23.2
45-49	71	39.2
50>	50	27.6
Non-Response	11	6.1
Total	**181**	**100.0**

Data from Table 6.3 above suggest that the dominant age group of respondents was in the bracket of 45-49 years, 39.2% (71). This is followed by the response rate of 27.6% (50) for age bracket 50 and above. In contrast, the younger age group from 40-44 years 23.2% (42) and 30-34 years 0.6% (1) had lower frequency and percentage response rates. This trend also supports that strategy practice is for the experienced and skilled managers of corporate organizations.

6.2.4 Respondents' Educational Qualifications

The data on educational qualification on Table 6.4 below show the various groups and their educational levels.

Table 6.4 - Educational Qualifications of Staff

Qualification	No. of Respondents	Percentage Response
HND	18	9.9
B.Sc	64	35.4
M.Sc/MBA	86	47.5
MPhil	1	.6
PhD	3	1.7
Non-Response	9	5.0
Total	**181**	**100.0**

Table 6.4 above indicates that the largest group of the respondents had both B.Sc and Master's degrees 47.5% (86), followed by Bachelor's degree holders, 35.4% (64) and Higher National Diploma holders, 9.9% (18). Whilst, the MPhil degree holders accounted for 0.6% (1) and the PhD degree holders accounted for 1.7% (3). The trend indicates that the respondents were of high intellectual quality.

6.2.5 Professional Qualification of Staff

The Table 6.5 below shows the professional qualifications of the staff of the corporation.

Table 6.5 – Professional Qualifications of Staff

Professional Qualification Status	No. of Respondents	Percentage Response
Without prof. qualification	148	81.8
With prof. qualification	33	18.2
Total	**181**	**100.0**

Table 6.5 above shows that 81.8% (148) of the respondents did not have professional qualifications. However 18.2% (33) of the respondents were members of different professional bodies and this indicates that the corporation does not give enough attention to the professionalization of its employees to boost their skills and competence.

6.2.6   Years of Service in the NNPC

Table 6.6 below shows the number of years respondents have served in the corporation.

Table 6.6 - <u>No. of Years in the NNPC's Service</u>

Year of Service	No. of Respondents	Percentage Response
1-4	5	2.8
10-14	4	2.2
15-19	81	44.8
20-24	36	19.9
25>	30	16.6
Non-Response	25	13.8
Total	**181**	**100.0**

The Table 6.6 above shows that the largest response category was 15-19 years with 44.8% (81), followed by 20-24 with 19.9% (36) and further by 25 and above with 16.6% (30). This pattern explains that the respondents had been old enough in the system and can express views to enhance reliability and validity of study based on their organization.

6.2.7   Years in Current Position

Table 6.7 below shows the number of years respondents have served in their current position.

Table 6.7 - <u>No. of Years in Current Position</u>

Year in Current Position	No. of Respondents	Percentage Response
<1	15	8.3
1-4	129	71.3
5-9	13	7.2
10-14	2	1.1
15-19	2	1.1
Non-Response	20	11.0
Total	**181**	**100.0**

Table 6.7 above suggests that the respondents remained in their current job positions for too long. Job rotation appears too infrequent. About 71.3% (129) respondents had remained in their current job positions for between 1-4 years. This does not seem to afford staff an opportunity to gain more experience on the various job functions in the corporation.

6.2.8 Span of Supervisory Control

The Table 6.8 below shows the span of supervisory control level amongst the respondents.

Table 6.8 - <u>No. of Staff Supervised</u>

Year in Current Position	No. of Respondents	Percentage Response
<1	2	1.1
1-4	56	30.9
5-9	43	23.8
10-14	12	6.6
15-19	16	8.8
20-24	3	1.7
25>	13	7.2
Non-Response	36	19.9
Total	**181**	**100.0**

Data from Table 9.8 above show that 30.9% (56) respondents supervised 1-4 staff, 23.8% (43) supervised 5-9 staff and successively the span dwindled to 1.7% (3) respondents who supervised 20-24 staff. Curiously, however, 7.2% (13) respondents supervised more than 25 staff. Further inquiry into this showed that at the plant level a large number of subordinates were being supervised by different supervisors simultaneously. Given the capacity under-utilisation of the plants and the call for revamping, it would appear too burdensome for a supervisor to oversee more than 25 staff at a time if such a supervisor were to achieve sustained efficiency and effectiveness.

6.2.9 Summary

Section 6.2 discussed the research population and demographic data. It showed from the response rate *vis-a-vis* the target population how the study is significant and highly accepted. More credence and credibility were given to the study resulting from the career and educational levels and professional status of staff that participated in the study. The analysis showed that some respondents were not very happy giving out their personal information. The trend of the analysis regarding age and number of years served in the organization indicated an aging work force, whilst the number of years in current position showed a lack of job rotation. There was an indication that the span of supervisory control needed to be reviewed.

6.3 Research Questions Response Analysis

To manage the data resulting from the 64 questionnaire questions which produced question themes or variables of 188, a mono-answering pattern is adhered to. Single

questionnaire questions individually had their cumulated percentage responses translated from the SPSS frequency tables and placed alongside other statistical information in an adopted statistical table. The cumulative percentages are derived by compressing the five Likert's Scale parameters into three compartments: 'positive', 'undecided' and 'negative'. 'Strongly Agree' (SA) and 'Agree' (A) are added up to represent 'positive' response, 'Undecided' (U) representing 'unawareness', whilst 'Disagree' (D) and 'Strongly Disagree' (SD) are added up to represent 'negative' response. The results percentage are inserted in the 'cumulative %' column of the adopted statistical table. Responses under 'Undecided' scale parameter indicate that respondents are unaware and have no information on the theme under consideration.

The adopted statistical table show in five columns, descriptors of 'mean', 'median', 'standard deviation', 'cumulated percentage' and 'effect'. Composite questions are similarly treated. The higher the threshold of the 'mean', say from 3.50> and 'median' from 4.00>, the stronger the effect of the response or answer. On the other hand, the more the 'standard deviation' decreasingly steps down from 1.00, the better the strength of the response or answer. Standard deviations tilting above 1.00 indicate weakness in response effect. However, where the 'median' is lower than the 'mean' irrespective of the position of the 'standard deviation', the response is seen as 'weak' or 'negative'. The mean and the standard deviation by association are treated similarly in the effect they create. Where the scale parameter of 'Undecided' scores above Sd. 1.00 or 20%, it is taken that respondents do not have information on variables under consideration. The 'Effect' column shows whether a response is positive or negative. In other words,

positive effect means an acceptance, and negative effect means a rejection. Because 'positive' or 'negative' effects are shown in the statistical tables, they are not repeated in the discussion aspect of the analysis.

6.3.1 RESEARCH QUESTION 1: WHAT WORLD-CLASS CORPORATE PARENTING IDEALS ARE BEING PRACTISED IN THE CORPORATE CENTRE OF THE NNPC?

The above research question was intended to elicit responses that are to identify the world-class parenting ideals or practices that are currently embedded in the corporate management of the NNPC. For the purpose of clarity, 'variable number' (V. No.) in the table heading below describes the themes under each of the questions (Q) in the study questionnaire. The main question in the questionnaire is described as the questionnaire question (QQ). Single questions are clustered for better presentation and are restated in the table whereas composite questions are restated outside the tables. To aid comprehension and show relationships with the themes in the table, QQ are restated immediately before the table with the variable numbers in brackets. This is similar with the style adopted for the clustered single questions, where the QQ numbers and variable numbers are given in brackets within the cluster statements. The questions are however stated in a column of the tables.

To answer **research question 1**, positive responses from QQ 2, 3, 4, 5, 10, 16, 22, 23, 25, 26, 28, 29, 30, 32, 35, 38, 40, 42, 44, 48, 57 and 60 are synthesized to reveal the corporate parenting ideals identified that were being practised at the corporate centre of the NNPC. The questionnaire questions (QQ) expressed by the numerals can be referred

to in Appendix VIII. The underneath summary statistical tables deduced from the SPSS

provide the data from respondents.

QQ 2: **The following Corporate Parenting ideals are practised at the corporate centre of the Nigerian National Petroleum Corporation (V. 2-6, 8, 9 and 11) as on Table 6.9 below:**

Table 6.9: Parenting Ideals Practised at the Corporate Centre

V.No.	QQ sub-theme label	M	Md	Sd	Cm %	Effect
2	Activities sharing to SBUs/CSUs	4.04	4.00	.784	87.3	Positive
3	Portfolio management	3.65	4.00	.892	68.0	Positive
4	Strategy making	3.94	4.00	.831	78.4	Positive
5	Organization design/redesign	3.99	4.00	.928	81.7	Positive
6	Funds management	3.77	4.00	.982	74.0	Positive
8	Skills transfer from the centre	3.39	4.00	1.138	54.2	Positive
9	Integrated control and coordination	3.63	4.00	.984	66.9	Positive
11	Operating within legal framework	4.20	4.00	.778	87.9	Positive

The recurring statistical median of 4.00 calculated for each of the variables, Sd of 1.138<

and Cm% of 54.2> computed across the themes on Table 6.9 above show that the

corporate centre of the NNPC had been practising some world-class corporate parenting

ideals. The corporate centre shared activities to the SBUs/CSUs, managed portfolio;

constructed strategies; designed the structure for the corporation; managed the funds;

transferred skills through deployment and redeployment; controlled and co-ordinated the

activities of the SBUs and operated within its legal framework.

QQ 3: **Corporate parenting propositions as under-listed are visible from the management style of the corporate centre (V.12, 14, 16, 19 and 20) as on Table 6.10 below:**

Table 6.10: Corporate Parenting Propositions

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
12	A headquarters that justifies its existence	3.70	4.00	1.075	67.4	Positive
14	A value creating headquarters	3.34	4.00	1.012	50.8	Positive
16	Centralised and distinct management processes	3.56	4.00	.979	64.1	Positive
19	Identification of corporate restructuring opportunities	3.81	4.00	.787	77.4	Positive
20	Proper selection of subsidiaries to form the corporate portfolio	3.49	4.00	.898	52.5	Positive

Table 6.10 above presents propositions that support corporate parenting practices. The positive response indicated for each of the themes that the corporate parenting propositions were embedded in the management style of the corporate centre. The statistical median calculated for each of the themes was 4.00, whilst Sd of 1.075< and Cm% of 50.8> were calculated across the themes. The responses on the themes suggested that the corporate headquarters of the NNPC justified its existence. Further, it created value, had centralised and distinct management processes, identified restructuring opportunities and properly selected its subsidiaries which formed the corporate portfolio. Also, these themes showed in part, that there was effective practice of corporate parenting ideals in the corporate centre.

QQ 4: Corporate-level strategies as itemised below are exploited at the corporate centre (V. 22-25, 27, 29 and 31) as on Table 6.11 below:

Table 6.11: Corporate-level Strategies exploited at the Corporate Centre

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
22	Identification of business opportunities	3.87	4.00	.876	77.9	Positive
23	Identification and deployment of distinctive skills corporate-wide	3.58	4.00	1.022	60.8	Positive
24	Harnessing and deployment of Corporate resources	3.65	4.00	.976	66.3	Positive
25	Focusing of corporate portfolio around related core businesses	3.59	4.00	.982	61.3	Positive
27	Development of framework for value addition	3.44	4.00	.939	57.4	Positive
29	Appropriate business unit definition and corporate structuring	3.69	4.00	.956	67.4	Positive
31	Service outsourcing	3.47	4.00	.969	58.0	Positive

The repeated calculated statistical median of 4.00 for each of the themes listed in Table 6.11 above, and Sd of 1.022< and Cm% of 57.4> calculated across the themes show that the corporate centre of the NNPC exploited some corporate-level strategies. The centre identified business opportunities, deployed distinctive skills corporate-wide; harnessed and deployed corporate resources; focused on corporate portfolio around related core businesses; developed framework for value addition; defined business unit and corporate structure and outsourced services. These in themselves are forms of activities or ideals that the corporate centre carries out on a continuous basis.

Cluster A: Corporate Parenting Ideals (QQ 5, 10, 23, 26, 32, and 35 or V. 32, 37, 78, 87, 115 and 124) being practised and synthesized in Table 6.12 below:

Table 6.12: Cluster A: Corporate Parenting Ideals being practised

QQ No.	V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
5	32	The Group Managing Director who is the strategic leader or top corporate parent is kept strategically aware because he is well apprised by the managers who report to him.	3.80	4.00	1.12	71.8	Positive
10	37	Staff are aware that there is an overall corporate review framework designed to continuously address synergy, co-ordination, processes and structural issues.	3.50	4.00	1.01	60.2	Positive
23	78	The corporate centre measures and reports on how much business net value it adds to the corporation.	3.57	4.00	.98	63.0	Positive
26	87	NNPC's summary statements include major policies of the SBU/CSUs that distinguish it from other competing oil and gas organizations as pertaining to size, form and operating climate.	3.64	4.00	.95	62.5	Positive
32	115	The NNPC adopts the 'fit' and 'core competence' philosophies or tools to determine corporate-level strategy.	3.57	4.00	.94	63.5	Positive
35	124	The SBUs/CSUs have critical success factors, i.e. distinct activities that can give the businesses competitive advantages.	4.16	4.00	.71	89.5	Positive

Table 6.12 above shows through the calculated statistical mean of 4.00 for each of the themes, Sd of 1.12< and Cm% of 60.2> computed across the themes, that the GMD was being kept aware strategically and that he performed his strategic duties. Also, staff were aware that there was an overall corporate review framework designed to continuously address synergy, co-ordination, processes and structural issues. The corporate centre measured and reported on how much business net value it added to the corporation. The NNPC's summary statements included major policies of the SBU/CSUs that distinguished it from other competing oil and gas organizations as pertaining to size, form and operating climate. The NNPC adopted the 'fit' and 'core competence' philosophies or tools to determine corporate-level strategy and the SBUs/CSUs have critical success

factors that could give the businesses competitive advantages. Critical success factors are

determined through resources, activities and competences which the corporate centre

guards.

QQ 16: **Corporate Centre value creation is facilitated through (V. 50-61) as on Table 6.13 below:**

Table 6.13: Corporate Centre Value Creation Facilitators

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
50	Establishment of techniques to assess and measure value added	3.85	4.00	.936	73.5	Positive
51	Continuous corporate guidance	3.07	4.00	.846	79.5	Positive
52	Implementation of appropriate performance standards	4.97	4.00	.796	83.4	Positive
53	Deployment of external specialist help	3.70	4.00	.882	70.2	Positive
54	Identifying of corporate improvement opportunities	3.99	4.00	.813	81.8	Positive
55	Sharing of new product ideas	3.86	4.00	.842	76.2	Positive
56	Adoption of cutting edge marketing practices	3.60	4.00	.965	58.5	Positive
57	Deployment of distinctive skills	3.87	4.00	.909	76.2	Positive
58	Adoption of distinctive processes or resources	3.78	4.00	.916	71.2	Positive
59	Encouraging related or heartland businesses	3.61	4.00	.853	60.8	Positive
60	Appointment of key staff to appropriate jobs	3.82	4.00	.932	71.8	Positive
61	Use of the internet as an additional delivery mechanism to reduce costs	3.81	4.00	1.032	71.8	Positive

Table 6.13 above shows through the calculated statistical median of 4.00 for each of the

themes, Sd of 1.032< and Cm% of 58.5> computed across the themes, that the centre

created value through the establishment of techniques to assess and measure added value.

The centre guided the total corporate organization. It implemented appropriate

performance standards and enlisted external specialist help. It identified corporate

improvement opportunities, shared new product ideas; adopted cutting edge marketing

practices and deployed distinctive resources. Further, it adopted distinctive processes or

resources, encouraged related or heartland businesses; appointed key staff to appropriate

jobs and used the internet as an additional delivery mechanism with a view to reducing

costs.

135

QQ 22: The Corporate Centre plays the following Parenting Roles (V. 67-77) as on Table 6.14 below:

Table 6.14: Parenting Roles

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
67	Legal and regulatory tasks of preparing annual reports	4.12	4.00	.905	85.1	Positive
68	Submitting tax returns	3.79	4.00	.978	69.1	Positive
69	Observance of health and safety legislations	3.92	4.00	.974	77.4	Positive
70	Basic governance functions of protecting stakeholders' interests	3.94	4.00	1.006	71.3	Positive
71	Organization designing/redesigning	4.12	4.00	.793	82.3	Positive
72	Appointment of senior management	4.31	4.00	.771	87.3	Positive
73	Raising of capital	3.93	4.00	.946	73.5	Positive
74	Handling of investor relations	3.96	4.00	.842	77.9	Positive
75	Implementation of basic control and co-ordination processes	3.95	4.00	.877	77.4	Positive
76	General management functions	4.08	4.00	.726	86.7	Positive
77	Corporate planning	4.43	4.00	.659	95.6	Positive

Table 6.14 above shows the roles corporate parents play. Statistical median of 4.00 deduced for each of the themes, Sd of 1.006< and Cm% of 69.1> computed across the themes in the question supported that the roles identified on the table were being played in the corporate centre. The corporate centre performed its legal and regulatory task through the preparation of annual reports, submission of tax returns; observance of and enforcement of health and safety legislations and performance of basic governance functions of protecting stakeholders' interests. It designed and redesigned the organization structure, appointed the senior management, raised capital, handled investor relations, implemented basic control and co-ordination processes, performed general management functions, and did corporate planning. The interrelatedness between ideals and roles are, however, clear.

QQ 25: **Strategy Summary Statements which are constructed by the Corporate Centre include (V. 80-86) as on Table 6.15 below:**

Table 6.15: Strategy Summary Statement Components

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
80	Product line	3.83	4.00	1.005	68.0	Positive
81	Services offered or planned	3.90	4.00	.820	77.9	Positive
82	Markets and channels	3.75	4.00	.818	72.4	Positive
83	Finance	3.97	4.00	.833	81.8	Positive
84	Profit objectives	3.60	4.00	.970	60.7	Positive
85	Capital safety	3.62	4.00	.968	66.8	Positive
86	Level of return on investment	3.67	4.00	.960	65.7	Positive

Table 6.15 above shows the components of strategy summary statements and indicated that the corporate centre of the NNPC constructed strategy summary statements. Statistical median of 4.00 calculated for each of the themes, Sd of 1.005< and Cm% of 60.7> computed across the themes supported the view. The response indicated that the strategy summary statements included the product line of the NNPC, services offered, its markets and channels, and source of finance. It also stated the profit objectives, capital safety and level of return expected on investments. Construction of strategy statements is a practice on its own and therefore adds to the ideal practices at the corporate centre.

QQ 28: **The NNPC's Office for Strategy Management acts as (V.90-93 and 95) as on Table 6.16 below:**

Table 6.16: Office of Strategy Management

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
90	Co-ordinator of defined array of tasks	3.49	4.00	.904	57.4	Positive
91	Communicator of corporate strategy	3.66	4.00	.939	64.1	Positive
92	Translator of enterprise-level plans into individual SBU/CSU plans	3.60	4.00	.899	61.4	Positive
93	Executor of strategic initiatives in order to deliver on the corporate grand design	3.38	4.00	.921	50.3	Positive
95	Office for testing and adapting corporate strategy to stay abreast of competition	3.46	4.00	.922	51.9	Positive

Table 6.16 above shows through the calculated statistical median of 4.00 for each theme, Sd of .939< and Cm% 50.3> calculated across the themes, that the Office for Strategy Management performed certain functions. The Office for Strategy Management co-ordinated defined array of tasks, communicated corporate strategy; translated enterprise-level plans into individual SBU/CSU plans; executed strategic initiatives in order to deliver on the corporate grand design and tested and adapted corporate strategy to stay abreast of competition.

QQ 29: **The NNPC can be understood as an International Company because it has themes (V. 98 and 100) as on Table 6.17 below:**

Table 6.17: NNPC as an International Company

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
98	A clear mission statement indicating that it intends to go international	3.94	4.00	1.001	70.7	Positive
100	Its headquarters located in the founding country	3.50	4.00	1.172	55.3	Positive

Table 6.17 above shows that the NNPC is perceived to be an international company. The deduced statistical median of 4.00 for each of the themes, Sd of 1.172< and Cm% of 55.3> calculated across the themes supported the indication. Conditions precedent to the formation of international company include: a clear mission statement on internationalisation and location of the company's headquarters in the founding country.

QQ 30   The corporate centre applies the life cycle management strategy to ensure appropriate management style in different developmental stages of the organization to assess and review whether the following (V. 105 and 107) dimensions are failing or declining as on Table 6.18 below:

Table 6.18: Life Cycle Management Strategy

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
105	Leadership	3.36	4.00	1.016	52.5	Positive
107	Financial management	3.36	4.00	.966	53.1	Positive

Table 6.18 above indicates that through the deduced statistical median of 4.00 for each theme, Sd of 1.016< and Cm% of 52.5> calculated across the themes, the corporate centre applied the life cycle management strategy to ensure appropriate management style in different developmental stages of the corporation in order to assess and review whether the leadership and financial management were failing or declining.

Cluster B: Corporate Parenting Ideals (QQ 38, 40, 42, 44, 48 and 60 or V. 127, 129, 131, 133, 147 and 182) being practised and synthesized in Table 6.12 below:

Table 6.19: Corporate Parenting Ideals practised

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm%	Effect
38	127	The SBUs/CSUs are responsible for their individual competitive business strategies.	3.53	4.00	.99	66.3	Positive
40	129	The SBUs/CSUs derive their products/financial targets from the corporate centre.	3.89	4.00	.92	81.8	Positive
42	131	SBUs/CSUs are crafted after careful analysis of their likely impact on net value creation.	3.56	4.00	.88	64.6	Positive
44	133	The SBUs/CSUs also operate through joint committees or staff groups to create synergy.	3.59	4.00	.88	67.9	Positive
48	147	The corporate parent from time to time monitors how well the organization designs are working.	3.97	4.00	.81	80.2	Positive
60	182	The corporate centre devises monitoring techniques to manage the political and social pressures that bear upon it.	3.36	4.00	1.04	51.4	Positive

Table 6.19 above shows that through the calculated statistical median of 4.00 for each theme, Sd of 1.04< and Cm% of 51.4> across the themes, the SBUs/CSUs of the NNPC were responsible for their individual competitive business strategies. They derived their products/financial targets from the corporate centre. They were crafted after careful analysis of their likely impact on net value creation. Also, they operated through joint committees or staff groups to create synergy. The corporate parent from time to time monitored how well the organization designs were working and devised monitoring techniques to manage the political and social pressures that bore upon it.

QQ 57: **The Board of the NNPC has clearly spelt out Functions and Limits of Authority (V. 178 and 179) as on Table 6.20 below:**

Table 6.20: Functions and Limits of Authority of Board

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
178	Functions	3.76	4.00	.976	70.1	Positive
179	Limits of authority	4.08	4.00	.741	86.2	Positive

Table 6.20 above shows that the Board constituted by government for the NNPC had functions it performed and also adhered to limits of authority. The deduced statistical median of 4.00 calculated for each theme, Sd of .976< and Cm% of 70.1> calculated across the themes, gave the credence. These functions however are coordinated by the corporate parent at the corporate centre.

The findings from the above presentations provided synthesis for the world-class corporate parenting ideals that were being practised in the NNPC. The ideals identified were 73 in number and formed the basis for Appendix V.

6.3.2 RESEARCH QUESTION 2: WHAT WORLD-CLASS CORPORATE PARENTING IDEALS ARE NON-EXISTENT IN THE CORPORATE CENTRE'S MANAGEMENT OF THE NNPC?

Responses from QQ 2, 3, 4, 6, 7, 9, 11, 12, 13, 18, 20, 21, 24, 28, 29, 30, 33, 34, 36, 37, 39, 43, 52, 53 and 58 provide bases for isolation of the corporate parenting ideals that were not being practised or present in the NNPC. The QQ expressed by the numerals can be referred to in Appendix VIII. The underneath summary statistical tables extracted from the SPSS give the analysis on the research question and the questionnaire themes.

QQ 2: The Corporate Parenting Ideals (V. 7 and 10) are practised at the Corporate Centre of the NNPC as on Table 6.21 below:

Table 6.21: Corporate Parenting Ideals not being practised

V.No.	QQ Sub-theme label	M	Md	Sd	Cm %	Effect
7	Centralised marketing function	3.04	3.00	1.077	40.4	Negative
10	Global business interconnecting	3.39	3.00	1.062	22.6	Negative

Table 6.21 above indicates that part of the world-class corporate parenting ideals were not being practised at the corporate centre. The deduced statistical mean of 3.00 calculated for each of the themes, Sd of 1.062> and Cm% of 40.4< calculated across the themes corroborated the evidence. There was no centralised marketing division at the NNPC, nor did the corporation interconnect global businesses.

QQ 3: **Corporate parenting propositions (V. 13, 15, 17, 18 and 21) are visible from the management style at the corporate centre as listed on Table 6.22 below:**

Table 6.22: <u>Corporate Parenting Propositions not visible</u>

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
13	A headquarters that performs a step ahead of other rival headquarters.	3.05	3.00	1.161	37.0	Negative
15	Properly selected strategies that reduce inefficiency and ineffectiveness.	3.01	3.00	1.035	37.5	Negative
17	Capacity maximization of subsidiaries	3.18	3.00	1.044	31.5	Negative
18	Presence of opportunities the parent is best positioned to tap.	3.44	3.00	.896	15.5	Negative
21	Co-ordination of e-initiatives across the portfolio.	3.09	3.00	1.034	31.5	Negative

Table 6.22 above shows through the calculated statistical mean of 3.00> for each of the themes, Sd of .896> and Cm% of 37.5< computed across the themes, that certain corporate parenting propositions were not visible at the corporate centre. It indicated that the headquarters did not perform ahead of other rival headquarters; the strategies were not properly selected to reduce inefficiency and ineffectiveness and plant capacities were not being maximized by the subsidiaries. Also, that there were presence of opportunities which the corporate parent was not tapping into and the corporate parent did not co-ordinate e-initiatives across the portfolio.

QQ 4: **Corporate-level Strategies (V. 26, 28 and 30) are exploited at the Corporate Centre as on Table 6.23 below:**

Table 6.23: <u>Unexploited Corporate-level Strategies</u>

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
26	Minimization of operating costs	2.99	3.00	1.035	38.2	Negative
28	Crafted research programmes for continuous value addition	3.03	3.00	1.024	38.1	Negative
30	Business acquisitions and divestments	3.23	3.00	.990	28.2	Negative

Table 6.23 above indicates that certain corporate-level strategies were unexploited at the corporate centre. This was corroborated by the statistical mean of 2.99>, Sd of .990> and

Cm% of 38.2< calculated across the themes. The corporate-level strategies not identified were corporate centre's ability to minimize operating costs, institution of crafted research programmes for continuous value addition and the acquiring and divesting of businesses.

Cluster C: Corporate Parenting Ideals (QQ 6, 7, 9, 11 and 12 or V. 33, 34, 36, 38 and 39) synthesized as not being practised and listed on Table 6.24 below:

Table 6.24: Cluster C: Corporate Parenting Ideals not being practised

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm%	Effect
6	33	The corporate centre charges fees for the services it renders to the subsidiaries.	2.34	2.00	.95	64.1	Negative
7	34	The corporate centre is aware of everything going on in the strategic business units.	3.05	3.00	1.13	42.6	Negative
9	36	There is a general awareness that the corporate centre positions NNPC as a learning organization.	3.28	3.00	.99	25.4	Negative
11	38	The corporate centre carries out modelling of cross-company activities which distinguish it from other corporate centres in identification of synergy opportunities or neglected potentials.	3.13	3.00	.95	32.0	Negative
12	39	The corporate centre creates opportunity for individual managers to identify pet projects or initiatives and accordingly champion them.	2.76	2.00	.97	50.3	Negative

Table 6.24 above shows through the calculated statistical mean of 2.34>, Sd of .95> and Cm% of 64< calculated across the themes, that the corporate centre did not charge fee for the services it rendered to the SBUs. The corporate centre was not aware of everything going on in the strategic business units and there was no general awareness that the corporate centre positioned NNPC as a learning organization. Further, the corporate centre did not carry out modelling of cross-company activities which distinguished it from other corporate centres in identification of synergy opportunities or neglected

potentials. Also, it did not create opportunity for individual managers to identify projects

or initiatives and accordingly champion them.

Cluster D: **Corporate Parenting Ideals (QQ 13, 18, 20, 21 and 24 or V. 40, 63, 65, 66 and 79) synthesized as not being practised and listed on Table 6.25 below:**

Table 6.25: Cluster D: Corporate Parenting Ideals not being practised

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm%	Effect
13	40	The corporate centre uses internal consultants and process manuals to develop capability management.	3.12	3.00	.98	33.7	Negative
18	63	The corporate centre has a comprehensive portfolio of e-initiatives which reviews existing businesses, new business ventures and responsibilities of the corporate centre.	3.04	3.00	.99	34.8	Negative
20	65	The corporate centre uses e-commerce initiative which encourages engagement of people with venture capital backgrounds to add value to the corporation.	3.06	3.00	.97	34.3	Negative
21	66	The internet initiatives have produced new business and parenting models at the corporate centre.	3.33	3.00	.95	21.6	Negative
24	79	The corporate centre carries out periodic review of cross-company business initiatives to establish that SBUs/CSUs are preferring ties with third party organizations.	3.13	3.00	.86	22.6	Negative

Table 6.25 above indicates through the calculated statistical mean of 3.33<, Sd of 86>

and Cm% of 34.8< across the themes, that the corporate centre did not use internal

consultants and process manuals to develop capability management. This perhaps

corroborates the earlier suggestion that NNPC was not a learning organization. The

corporate centre had no comprehensive portfolio of e-initiatives which reviewed existing

businesses, new business ventures and responsibilities of the corporate centre. It did not

use e-commerce initiative which encouraged engagement of people with venture capital

backgrounds to add value to the corporation. Its internet initiatives had not produced new

business and parenting models at the corporate centre, and the corporate centre did not carry out periodic review of cross-company business initiatives to establish that SBUs/CSUs were preferring ties with third party organizations.

QQ 28: **The NNPC's Office of Strategy Management undertakes the activities (V. 89, 94, 96 and 97) listed on Table 6.26 below:**

Table 6.26: Activities not undertaken by the Office for Strategy Management

V/No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
89	The GMD's chief of staff.	3.35	3.00	.860	16.0	Negative
94	Office for aligning employees' plans for competency development with strategic objectives.	3.14	3.00	.924	27.1	Negative
96	Office for handling investor relations.	3.12	3.00	.873	26.0	Negative
97	Office for encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage.	3.27	3.00	.868	21.6	Negative

Table 6.26 above shows the activities not undertaken by the Office for Strategy Management at the corporate centre of the NNPC. The statistical mean of 3.12>, Sd .860> and Cm% of 27.1< calculated across the themes support the view. The analysis showed that the Office for Strategy Management was not the GMD's chief of staff. The office was not aligning employees' plans for competency development in line with strategic objectives. It was not handling investor relations and was not encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage.

QQ 29: **The NNPC can be understood as an international company because it has variables (99, 101-104) as listed on Table 6.27 below:**

Table 6. 27: Lapses in Conditions-precedent for Internationalization

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
99	Quantifiable objectives that it intends to operate in two or more continents.	3.19	3.00	1.116	35.9	Negative
101	Five years consistent report on turnover growth.	2.85	3.00	.980	41.5	Negative
102	Global market share.	3.16	3.00	1.060	31.5	Negative
103	Global brands.	3.06	3.00	1.071	34.2	Negative
104	Worldwide avenues to source its raw materials.	3.19	3.00	1.149	32.6	Negative

Table 6.27 above shows that certain conditions-precedent for internationalization had not been met by the corporate centre of the NNPC. This was supported by the statistical mean of 2.85>, Sd of .980> and Cm% of 41.5< calculated across the themes. The themes missing were quantifiable objectives which stated that the NNPC intended to operate in two or more continents, consistent reportage of five years on turnover growth; global market share and brands, and locating worldwide avenues to source the corporation's raw materials.

QQ 30: **The corporate centre applies the life cycle management strategy to ensure appropriate management style in different developmental stages of the organization to assess and review whether the competitive strategy (V. 106) dimension is failing or declining as on Table 6.28 below:**

Table 6.28: Non-applied Life Cycle Management Strategy

V.No	Questionnaire label	M	Md	Sd	Cm%	Effect
106	Competitive strategy.	3.16	3.00	1.001	29.3	Negative

Table 6.28 above indicates that through the calculated statistical mean of 3.16, Sd of 1.001 and Cm% of 29.3, the corporate centre of the NNPC did not apply the life cycle

management strategy to ensure appropriate management style in different developmental

stages of the organization to assess and review competitive strategy.

QQ 33: The corporate parent categorizes and analyzes its businesses according to portfolio or growth/share matrix expressed in the themes (V. 116-119) as on Table 6.29 below:

Table 6.29: Portfolio or Growth/Share Matrix

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
116	Stars	3.05	3.00	.845	25.4	Negative
117	Cash cows	3.13	3.00	.888	23.2	Negative
118	Question marks	2.94	3.00	.761	24.3	Negative
119	Dogs	2.83	3.00	.792	30.4	Negative

Table 6.29 above shows that through the statistical mean of 2.83>, Sd of .761> and Cm%

of 30.4< calculated across the themes, the corporate parent did not categorize and analyze

its businesses according to portfolio or growth/share matrix. The portfolio was not

categorized into stars, cash cows, question marks and dogs. Some form of categorization

is however required to bring out the ideal practice identified in portfolio management of

corporate centres in world-class settings.

QQ 34: The NNPC corporate parent categorizes and analyzes its business according to parenting matrix expressed in the themes (V. 120-123) as on Table 6.30 below:

Table 6.30: Non-categorization of business through Parenting Matrix

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
120	Heartland	3.38	3.00	.838	15.5	Negative
121	Ballast	3.01	3.00	.853	28.2	Negative
122	Alien	2.77	3.00	.838	37.0	Negative
123	Value trap	2.90	3.00	.831	29.8	Negative

Table 6.30 above indicates that through the statistical mean of 2.77>, Sd of .831> and

Cm% of 37.0< calculated across the variables, the corporate parent of the NNPC did not

categorize and analyze its businesses according to parenting matrix expressed in heartland, ballast, alien and value trap.

QQ 36 and 37: Redefinition of Business Units is carried out when deeply rooted hostility and mistrust between Senior Managers in the different Business Units become issues and Business Unit Redefinition is also carried out where there exists difficulty in allocation of costs and revenues to the Business Units (V. 125 and 126) as on Table 6.31 below:

Table 6.31: Bases for Redefinition of Business

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
125	Redefinition of business units is carried out when deeply rooted hostility and mistrust between senior managers in the different business units becomes issues.	2.73	3.00	1.01	49.7	Negative
126	Business unit redefinition is also carried out where there exists difficulty in allocation of costs and revenues to the business units.	3.16	3.00	.91	27.6	Negative

Table 6.31 above shows through the statistical mean of 2.73>, Sd of .91> and Cm% of 49.7< calculated across the variables that redefinition of business units was not carried out when deeply rooted hostility and mistrust between senior managers in the different business units arose. Also, that redefinition was not carried out where there existed difficulty in allocation of costs and revenues to the business units.

Cluster E: **Corporate Parenting Ideals (QQ39, 43, 52, 53 and 58 or V. 128, 132, 155, 156 and 180) synthesized as not being practised and listed on Table 6.32 below:**

Table 6.32: Cluster E: Parenting Ideals not being practised

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm%	Effect
39	128	The SBUs/CSUs are allowed to compete amongst themselves or are encouraged to have a 'market-place' relationship.	3.14	3.00	1.07	36.4	Negative
43	132	The SBUs/CSUs are managed for profit and margin and not volume and market share.	3.04	3.00	1.03	37	Negative
52	155	The number of staff at the corporate centre was justified with a clear value-added rationale.	2.52	2.00	1.05	58.6	Negative
53	156	The corporate parent function encourages development of specialist expertise relevant to execute the parenting propositions detailed as variables QQ 3 (sub-themes 12-21).	3.29	3.00	.95	24.4	Negative
58	180	The information and communication technology encourages flat organization structure in the NNPC.	3.00	3.00	.91	30.4	Negative

Table 6.32 above indicates through the statistical mean of 2.52>, Sd of .91> and Cm% of 58.6< calculated across the themes that the SBUs/CSUs were not allowed to compete amongst themselves or encouraged to have a 'market place' relationship. The SBUs/CSUs were not managed for profit and margin nor volume and market share. The number of staff at the corporate centre was not justified with a clear value-added rationale. The corporate parent function did not encourage development of specialist expertise relevant to execute the parenting propositions detailed in QQ 3 (V. 12-21), and the information and communication technology did not encourage a flat organization structure in the corporation.

The findings from the above presentation show that there were 44 world-class corporate parenting ideals which had not been practised by the corporate centre of the Nigerian

National Petroleum Corporation. These ideals as identified formed the basis for

Appendix VI.

6.3.3 RESEARCH QUESTION 3: WHAT ARE THE EVIDENCES THAT SUGGEST THE STRATEGIC BUSINESS UNITS/CORPORATE SERVICES UNITS PLAY THEIR ROLES WITHIN THE CORPORATE PARENTING FRAMEWORK?

Responses from QQ 35, 38; 40; 41; 42; 43; 44 and 45 provide bases for isolation of the

evidences to claim that the SBUs/CSU play their roles within the corporate parenting

framework. The QQ expressed by the numerals can be referred to in Appendix VIII. The

tables below extracted from the SPSS present the data supporting the answer to this

research question.

Cluster F: **Evidences that suggest the SBUs/CSUs played their Roles (QQ 35, 38, 40, 41 and 42 or V. 124, 127, 129, 130 and 131) as listed on Table 6.33 below:**

Table 6.33: Evidences that suggest the SBUs/CSUs played their Roles

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm %	Effect
35	124	The SBUs/CSUs have critical success factors, i.e. distinct activities that can give the businesses competitive advantages.	4.16	4.00	.71	89.5	Positive
38	127	The SBUs/CSUs are responsible for their individual competitive business strategies.	3.53	4.00	.99	66.3	Positive
40	129	The SBUs/CSUs derive their products and financial targets from the corporate centre.	3.89	4.00	.92	81.8	Positive
41	130	The strategic business units of NNPC are better off if independent.	4.01	4.00	.96	77.9	Positive
42	131	SBUs/CSUs are crafted after careful analysis of their likely impact on net value creation.	3.56	4.00	.88	64.6	Positive

Table 6.33 above indicates that through the calculated statistical median of 4.00 for all

themes, Sd of 99< and Cm% of 64.6> computed across the themes, the NNPC's

SBUs/CSUs had critical success factors that would give the corporation distinctive competitive advantages over its rivals, the SBUs/CSUs were responsible for their individual competitive business strategies; the SBUs/CSUs derived their products and financial targets from the corporate centre; the strategic business units of NNPC were better off if independent (autonomous) and the SBUs/CSUs were crafted after careful analysis of their likely impact on net value creation.

Cluster G: Evidences that suggest the SBUs/CSUs played their Roles (QQ 43-45 or V. 132-134) as listed on Table 6.33 below:

Table 6.34: Evidences that suggest the SBUs/CSUs played their Roles (Cont'd)

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm %	Effect
43	132	The SBUs/CSUs are managed for profit and margin and not volume and market share.	3.04	3.00	1.03	37	Negative
44	133	The SBUs/CSUs also operate through joint committees or staff groups to create synergy.	3.59	4.00	.88	67.9	Positive
45	134	The existence of certain SBUs/CSUs which report directly to the Group Managing Director exerts considerable influence on corporate-level strategy.	3.71	4.00	.81	70.7	Positive

Table 6.34 above indicates through the calculated statistical mean of 3.04>, Sd of 1.03 and Cm% of 37 that the SBUs/CSUs of the NNPC were not managed for profit and margin, rather they were managed for volume and market share. The table also indicates through the calculated statistical median of 4.00 for all the themes, Sd of .88< and Cm% of 67.9> computed across the themes, that the SBUs/CSUs were operating through joint committees or staff groups to create synergy and further that the existence of certain SBUs/CSUs which report directly to the Group Managing Director exerted considerable influence on corporate-level strategy. Corporate centres do overrule on the strategies

adopted by SBUs/CSUs and therefore are deemed again to be establishing the role of the SBUs/CSUs.

The findings from the above presentation and analysis show that the NNPC has critical success factors, the SBUs were responsible for their competitive business strategies, the SBUs derived their products and financial targets from the corporate centre, the SBUs would be better off if independent through the holding company arrangement and that SBUs/CSUs were crafted after careful analysis of their likely impact on net value creation. All this evidences that the SBUs/CSUs were playing their roles within the corporate parenting framework.

6.3.4 RESEARCH QUESTION 4: WHAT EFFECTS DO THE IDEAL CORPORATE PARENTING PRACTICES BEAR ON THE CORPORATE DESIGN OF THE NNPC?

Responses from QQ 46, 47; 48; 49; 50; 51; 52; 53; 55; 56 and 57 provide bases for isolation of the effects that the ideal corporate parenting practices bear on the corporate design of the NNPC. The QQ expressed by the numerals can be referred to in Appendix VIII. The tables extracted from the SPSS present the data supporting the answer to the research question as follows.

QQ 46: **Structural components of Organization Design (V. 135-142) attract the attention of the Corporate Parent as stated on Table 6.35 below:**

Table 6.35: Structural Components that attract the Corporate Parent

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
135	Goals	4.23	4.00	.668	92.3	Positive
136	Strategy	4.18	4.00	.685	89.5	Positive
137	Structure	4.15	4.00	.690	89.5	Positive
138	Work processes	3.88	4.00	.805	77.9	Positive
139	Work people	3.86	4.00	.822	76.3	Positive
140	Co-ordination	3.93	4.00	.738	81.2	Positive
141	Control	4.02	4.00	.745	84.5	Positive
142	Incentive mechanisms	3.89	4.00	.862	77.9	Positive

Table 6.35 above shows that certain structural components of organization design attracted the attention of the corporate parent. The statistical median of 4.00 calculated for all the themes, Sd of 862< and Cm% of 76.3> obtained across the themes, support the evidence. The structural themes of goals, strategy, structure, work processes, work people, co-ordination, control, and incentive mechanisms are usually considered by world-class corporate centres before the design of the organization structures.

QQ 47: **The Corporate Centre's Design defines/promotes the themes (V. 143-146) listed on Table 6.36 below:**

Table 6.36: Processes Corporate Centre Promotes

V.No.	Question Sub-theme label	M	Md	Sd	Cm%	Effect
143	The nature of relationship between SBUs/CSUs	4.08	4.00	.734	85.6	Positive
144	Key processes for collaboration	3.97	4.00	.722	82.3	Positive
145	Lateral and vertical linkages	3.92	4.00	.749	79.0	Positive
146	Arbitration in SBUs/CSUs disputes	3.71	4.00	.916	64.1	Positive

Table 6.36 above indicates that the design of the corporate centre defined or promoted the nature of the relationship between the SBUs/CSUs, key processes for collaboration, lateral and vertical linkages and arbitration in SBUs/CSUs disputes. The statistical

median of 4.00 calculated for all themes, Sd of .916< and Cm% of 64.1> computed

across the themes, support the view.

Cluster H: **Effects Ideal Corporate Parenting Practices bear on the Corporate Design of the NNPC (QQ 48, 49, 52 and 53 or 147, 148, 155 and 156) as stated on Table 6.37 below:**

Table 6.37: Effects Ideal Corporate Parenting Practices bear on the Corporate Design of the NNPC

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm%	Effect
48	147	The corporate parent from time to time monitors how well the organization designs are working.	3.97	4.00	.81	80.2	Positive
49	148	There is a need for new level of management at the corporate centre to address SBU/CSU co-ordination issues.	3.48	4.00	1.09	58.0	Positive
52	155	The number of staff at the corporate centre was justified with a clear value-added rationale.	2.52	2.00	1.05	58.6	Negative
53	156	The corporate parent function encourages development of specialist expertise relevant to execute the parenting propositions detailed in questionnaire question 3.	3.29	3.00	.95	24.4	Negative

Table 6.37 above shows through the statistical median of 4.00 calculated for the first two

themes (QQ 48 and 49), Sd of 1.09< and Cm% of 58.0> computed across the themes, that

the corporate parent from time to time monitored how well the organization designs were

working and there was need for new level of management at the corporate centre to

address SBU/CSU co-ordination issues. Also, the table shows through the statistical

mean of 2.52>, Sd of .95> and Cm% of 58.6< calculated across the themes, that the

number of staff at the corporate centre was not justified with a clear value-added rationale

and the corporate parent function did not encourage development of specialist expertise

relevant to execute the parenting propositions detailed in QQ 3. The corporate parenting

practice impacted on the organization design.

QQ 38: **The Levels of Parenting or Managements at the Corporate Centre are too many, adequate or too few (V.149-151) as stated on Table 6.38 below:**

Table 6.38: Parenting levels at the Corporate Centre

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
149	Too many	3.53	4.00	1.176	60.3	Positive
150	Adequate	3.08	3.00	1.032	33.7	Negative
151	Too few	2.23	2.00	.857	64.6	Negative

Table 6.38 above indicates that the parenting levels at the corporate centre were too many. The statistical median of 4.00, Sd of 1.176 and Cm% of 60.3, lent support. Themes under V. No. 150 and 151 appear redundant. This issue of parenting levels affect world-class organization design either by burdening or balancing it.

QQ No. 51: **The number of staff at the corporate centre is too many, adequate or too few (V. 152-154) as stated on Table 6.39 below:**

Table 6.39: Number of Staff at the Corporate Centre

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
152	Too many	3.82	4.00	1.131	66.8	Positive
153	Adequate	2.71	3.00	.992	48.6	Negative
154	Too few	2.23	2.00	.900	69.1	Negative

Table 6.39 above shows that the number of staff at the corporate centre was too many. The calculated statistical median of 4.00, Sd of 1.131 and Cm% of 66.8, support the suggestion. Themes under V. No. 153 and 154 appear redundant too. Overburdening the corporate centre with staff creates an impact on the corporate design.

QQ 55: The Corporate or Organization Design encourages the themes (V. 167-170) as stated on Table 6.40 below:

Table 6.40: Themes Organization Design encourages

V.No.	QQ Sub-themes label	M	Md	Sd	Cm%	Effect
167	Distinctiveness of skills/functions	3.60	4.00	.874	66.8	Positive
168	Complementarity of business units	3.58	4.00	.830	66.9	Positive
169	Value creating responsibilities	3.57	4.00	.858	63.5	Positive
170	Knowledge and competence pool to discharge the corporation's strategy	3.62	4.00	.920	68.5	Positive

Table 6.40 above indicates through the statistical median of 4.00, Sd of .92< and Cm% of 63.5> computed across the themes, that the organization design encouraged distinctiveness of skills/function, complementarity of business units; value creating responsibilities; and knowledge and competence pool to discharge the corporation's strategy.

QQ 56: The following Design Options (V. 171-177) are blended in the NNPC Organization Structure as on Table 6.41 below:

Table 6.41: Design Options blended in the NNPC Structure

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
171	Simple	3.19	3.00	.953	28.2	Negative
172	Divisional	3.92	4.00	.682	82.9	Positive
173	Functional	3.80	4.00	.741	75.7	Positive
174	Matrix	3.35	3.00	.827	12.7	Negative
175	Network	3.32	3.00	.893	17.7	Negative
176	Task Force	3.43	4.00	.877	54.1	Positive
177	Committee	3.75	4.00	.754	72.9	Positive

Table 6.41 above depicts that certain design options were not blended in the NNPC organization structure. These were simple, matrix and network options and were represented by V.171, 174 and 175. The statistical mean of 3.19>, Sd of .827> and Cm% of 28.2< computed across the pertinent themes, support the claim on them. The table also

shows that certain design options were blended in the structure. These were divisional, functional, taskforce and committee options represented by V.172, 173, 176 and 177. They were supported by the statistical median of 4.00 calculated for each of the themes, and Sd of .877< and Cm% of 54.1> computed across the themes. These options impact on the organization structure.

QQ 57:   The Board of the NNPC has clearly spelt out Functions and Limits of Authority as stated on Table 6.42 below:

Table 6.42: Board of the NNPC

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
178	Functions	3.76	4.00	.976	70.1	Positive
179	Limits of authority	4.08	4.00	.741	86.2	Positive

Table 6.42 above indicates that the board of the NNPC had clearly spelt out functions and limits of authority. The statistical median of 4.00 supported each of the themes as well as the Sd of .976< and Cm% of 70.1> computed across the themes.

The findings from the above analysis suggest that structural components of organization design attracted the attention of the corporate parent, there were certain processes corporate centre promoted. These were that the corporate parent from time to time monitored how well the organization designs had been working, that there was need for new level of management at the corporate centre. Also, there were different levels of parenting and employees at the corporate centre. The findings also suggested that the number of employees at the corporate centre were not justified with a clear value-added rationale and the corporate design encouraged some performance enhancing themes including the blending of certain design options in the structure and presence of a Board

at the corporate centre. All this suggest that the ideal corporate parenting practices had

bearing on the corporate design of the NNPC.

6.3.5 RESEARCH QUESTION 5: WHAT EFFECT DOES GOVERNMENT CONTROL OVER THE NNPC HAVE ON ITS CURRENT CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGIES?

Responses from QQ 59, 60; 61; 62; 63 and 64 provided bases for isolation of the effects

that government control of the NNPC had on the current corporate parenting and

corporate-level strategies. The QQ expressed by the numerals can be referred to in

Appendix VIII. The underneath summary statistical tables extracted from the SPSS

present the data supporting the answer to the research question.

Cluster I: Effects of Government Control on the current Corporate Parenting and Corporate-Level Strategies of the NNPC (QQ 59, 60, 62, 63 and 64 or V. 181, 182, 186, 187 and 188) as stated on Table 6.43 below:

Table 6.43:   Effects of Government Control over the current Corporate Parenting Strategies and Corporate-Level Strategies of the NNPC

QQ No.	V.No.	Questionnaire label	M	Md	Sd	Cm%	Effect
59	181	The NNPC is affected by the impact of regulatory lifecycle of political environments.	4.50	5.00	.66	92.9	Positive
60	182	The corporate centre devises monitoring techniques to manage the political and social pressures that bear upon it.	3.36	4.00	1.04	51.4	Positive
62	186	Appointment of members of the corporate parent (from General Managers and above) by Government affects negatively the performance of the NNPC.	4.01	4.00	.91	73.5	Positive
63	187	Government's appointment of the strategic leader influences his style of leadership and management.	4.29	4.00	.80	86.2	Positive
64	188	Government's ownership and control of the NNPC affect the corporate parenting propositions listed in QQ 3.	4.25	4.00	.75	86.2	Positive

Table 6.43 above shows through the statistical median of 5.00, Sd of .66 and Cm% of 92.9 that the NNPC was affected by the impact of regulatory lifecycle of political environments. As could be seen these statistical median of 5.00, Sd of .66 and Cm% of 92.9 are the highest in score and thus evidence the seriousness of the theme. Further, the table shows through the statistical median of 4.00 calculated for each of the themes (V. No. 182, 186, 187 and 188), Sd of 1.04< and Cm% of 51.4> computed across the themes that the corporate centre devised monitoring techniques to manage the political and social pressures that bore upon it. It shows that appointment of members of the corporate parent (from General Managers and above) by government affected negatively the performance of the NNPC and government's appointment of the strategic leader influenced his style of leadership and management. Further, that government's ownership and control of the NNPC affected the corporate parenting propositions listed in QQ 3 (V. No. 12-21).

QQ 61: **Government's Control over the NNPC (V. 183-185) affects the Corporate Parenting Roles listed on Table 6.44 below:**

Table 6.44: Government Control and Corporate Parenting Roles

V.No.	QQ Sub-theme label	M	Md	Sd	Cm%	Effect
183	Basic corporate governance duties	4.15	4.00	.928	84.5	Positive
184	Parent activities that add value to the SBUs/CSUs	3.97	4.00	1.013	77.3	Positive
185	Centralised shared services	3.88	4.00	.998	74.1	Positive

Table 6.44 above shows that government's control over the NNPC affected certain corporate parenting roles. These roles were basic corporate governance duties, parent activities that added value to the SBUs/CSUs and centralised shared services. The statistical median of 4.00 supported each theme, while Sd of 1.013< and Cm% of 74.1>

computed across the themes corroborate the view that government's control over the NNPC affected certain corporate parenting roles.

6.4 Analysis of Data Collected from Interviews

In this Section, the responses resulting from the interviews held with the two management officers involved with corporate-level strategy are presented in five sections. Each section treats a major issue as presented in the interview guide (See Appendix I). The full interview reports are included as Appendices III and IV.

6.4.1 Corporate Parenting and Corporate-Level Strategy Ideals

Under this general issue, the sub-questions to which answers were provided for are restated underneath:

- What world-class corporate parenting ideals are you aware of?

- Which of the corporate parenting ideals are practised in the Nigerian National Petroleum Corporation?

- Which of the characteristics of parenting theory are you aware of that are consciously being practised at the corporate centre?

- What world-class corporate-level strategy ideals are you aware of?

- Which of the world-class corporate-level strategy ideals are practised in the Nigerian National Petroleum Corporation?

- What growth strategy does the NNPC adopt?

- What do you think can be done to arouse the awareness of the NNPC's corporate management and staff on the utilities of parenting theory?

- *What World-Class Corporate Parenting Ideals are you aware of?*

The interviewees gave various ideals they were aware of, ranging from activity sharing, portfolio managing, restructuring, fund provision and managing, and centralised marketing at the corporate centre. For instance, one stated:

> *"I think the corporate parenting options that I am aware of actually span most of the spectra you have already listed here. In some cases you basically see the parenting strategy limited largely to portfolio optimization globally and fund dissemination. On the other extreme, you see a very loose level of control".*

Another perspective was:

> *"I think basically there are several modes in which a corporation seeks to propagate itself over time. But depending on whether that corporation is a multinational or is kind of limited within one particular national jurisdiction, the central role of a corporation is to capture value and effectively mobilise its assets to deliver the value.*

These statements suggest that the management staff were aware of some world-class corporate parenting ideals and by their status they were in a position to bench mark if such ideals existed in the corporate centre of the NNPC. This finding agrees with the results of the questionnaire respondents.

- *Which of the Corporate Parenting ideals are practised in the Nigerian National Petroleum Corporation?*

The interviewees admitted that there were pockets of parenting ideals noticeable but doubted their effectiveness. The ideals they agreed on were provision of funding, shared

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services and existence of subsidiaries that were controlled by an over-bureaucratised corporate centre. Talking about the bureaucratic nature of the corporation, one of the interviewees commented:

> "I think the current situation in the NNPC is a centralised over-bureaucratised corporate centre. So the more appropriate model will be that it is a corporate centre that provides funding and seeks to manage the subsidiaries centrally. Now that has significant drawbacks in the sense that whilst the centre provides funding, et cetera, it does not effectively manage its portfolio so it just provides funds and tries to manage its subsidiaries, whereas different model could be where you can provide funds or the subsidiaries are also generating their funds but you can monitor it without necessarily doing the day to day managing of the subsidiaries; but have a proper accountability structure".

The positions of the interviewees point to the suggestion that there are certain corporate parenting ideals that were being practised in the corporate centre, and there were also certain corporate parenting ideals that had not been practised or present at the centre.

- **Which of the Characteristics of Parenting Theory are you aware of that are consciously being practised at the Corporate Centre?**

The respondents observed that the characteristics were not obvious largely because the NNPC obtained direction from the government. No clearly articulated mandate, so no form of competitive analysis was in place. The corporation was overmanned with people that were not with the right skills. They felt the structure was faulty. As a result, the subsidiaries were not efficient. The subsidiaries were not capitalised too. Again, the centre did not make profit but was highly bureaucratised. The officers therefore seemed not to agree that the headquarters justified its existence. The following statements corroborate the analysis.

"...If you come to NNPC and say how are these things done, you will see that in all of those indicators we attempt to do them but we do not do any of them right. For example, for the fact that we do not have a clear shareholder obligation so to say, there is no clear mandate in terms of what the shareholders or stakeholders are expecting in this case, as the case may be. We have for so many years not clearly articulated what our mandate is as a business and that is the fundamental reason why we are failing in our corporate parenting role because we are not able to steward the subsidiaries in the manner that allows that they attain anything".

Yet, another interviewee stated:

"... There is absolutely no form of competitive analysis. We basically operate in a vacuum. We are not in any sense aware of what competition is. We do not even know who our competitors are. ...But when you talk about the capabilities to deliver the objectives there is absolutely a complete disconnect between human resource, the operational aspiration of the businesses and the corporate aspiration. I do not see a linkage between (a) how people are recruited and (b) how people are deployed to the goals we are saying. Really if you look at it in all the indicators of the NNPC, I think that many of the corporate parenting theories have not been applied effectively.

Still lamenting on the corporate-level strategy practice gaps that were noticed in the NNPC, especially concerning bureaucracy, an interviewee added:

"Well, I do not know what level of conscious practice of corporate parenting per se, but NNPC is a government entity and for a long time has tended to obtain direction from the Government. ...The structure of the headquarters is rather large. Based on our financial results, it is clear to all that we have a highly bureaucratised system that is resident in the headquarters and it is not profit making so it is doubtful whether one can say convincingly that the headquarters justifies its existence in terms of the stewardship of the assets it is supposed to look after."

The above statements provide a contrary view to those of the respondents to the questionnaire that the corporate centre of the NNPC justified its existence. With the

financial analysis carried out by the Strategy Group, it is evidential that the headquarters did not justify its existence.

- *What World-Class Corporate-Level Strategy Ideals are you aware of?*

In addition to the ideals of opportunities identification, deployment of distinctive skills; harnessing and deployment of resources; focusing of corporate portfolio around heartland businesses; cost minimization; framework development for value addition; institutionalized exploratory research programme for continuous value addition; appropriate business unit definition and corporate structuring and service outsourcing suggested in the prompt to this question, the interviewees agreed that there should be identified key roles and goals for the NNPC. The corporation should not just be a centre that takes and manages revenue for the government. There should be financial targets and indicators to launch the NNPC as an innovative cost leader. The NNPC should be self funding with developed value propositions. It should also adopt a high level of portfolio standardization to face challenges. Some of the statements made by the interviewees in support of the foregoing were:

> *"I think one reason why in the recent past NNPC has gone through some reorganization was exactly to create a position for corporate strategy. In the past, there was none existing. We are now beginning tentative steps of trying to identify the key roles that a company such as NNPC which is a state owned enterprise needs to play other than being a pass through organization that takes, manages revenue for the government and basically have money flow through it to the government treasury."*

Explaining the issue further, an interviewee compared:

"For example, if you look at ExxonMobil, it has consistently maximized shareholder value relative to its competitors for many many years up till now. At ExxonMobil, it is clear at the corporate centre that there are a couple of key ideals, for example, around cost optimization. ... Other sectors also you see pride themselves of the corporate centre that is always thinking of new ideas ahead and creating new things. When you think of companies like Samsung, LG, these companies basically at the centre are the leading edge of new ideas generation, new product designs, etc., basically, positioning themselves to champion the growth of the company almost forever sustainably."

The above statements allude to the evidence that there are certain corporate-level strategies that were not present at the corporate centre of the NNPC.

- **Which of the World-Class Corporate-Level Strategy Ideals are practised in the Nigerian National Petroleum Corporation?**

The interviewees seemed not to find any of the ideals in the NNPC. To them, the presence of ideals did not mean the same thing as practising such ideals. They, however, agreed that there was an existing structure which was not cost efficient. For example, one of them said:

"None of the things that we have mentioned! We are in the process of beginning to do business. First we are aware of cost efficiencies. We are trying to create a corporate structure that can justify itself. That is one. We are trying to empower the business unit to understand that the steward assets and accountability structure will support the continued existence; and businesses that do not add value will have to go and if the government assigns NNPC a role in terms of achieving national strategic objectives of the State, then the State should fund it adequately."

Further, another interviewee added:

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"None! I actually think that up till now everything in my mind seems to happen by accident, and so what you do by accident means you are not practising anything."

Interestingly, there appears to be a seeming disagreement with the views of the questionnaire respondents. Whilst the interviewees did not see world-class corporate-level strategies being practised at the centre, the questionnaire respondents did to the contrary. Again, misunderstanding or misinterpretation of the question and lack of information may not be ruled out.

● ***What Growth Strategy does the NNPC adopt?***

The interviewees agreed on organic growth, including growth through joint ventures. No growth in terms of financial returns was identified. With the current reforms, they perceived considerable organic growth around the oil and gas. Because of the present set up and structure of the NNPC, growth by mergers and acquisitions might not be feasible.

One interviewee confirmed it, thus:

"I think we have essentially up till now basically grown organically. As far as I know, there has not been any major form of acquisition or anything like that."

Another elucidated:

"So the growth strategy is now being put together as well as a structure to deliver it. We are thinking of a new business development unit that would build from the grass root businesses that we should be in and deploy. An excellent example is that we have LPG shortages all over the country, but NNPC as an institution has never seen it as a business opportunity. ... So the change in emphasis is not so much the supply of last resort on behalf

of the government, but as a business that will develop to be profitable to the corporation and pay taxes to whoever our shareholders are so in that respect we are looking at (1) how we can grow current businesses that we have and those we should not be in, we will do away with. (2) There are new emerging opportunities behind the new gas strategy that is being adopted, so gas will have a prominent role in the future and we need to develop businesses out of that gas strategy. So the growth strategy will revolve around the oil and gas which is the core business that we are in."

Specifically, on the issue of mergers and acquisitions, an interviewee explained:

"The reason why that is not on the table now is that acquisition per se will require the government's attention. We have enough assets now but you need to have a structure that can support acquisition. The current structure of NNPC does not allow you to get into debt, and for any form of acquisition you will have to properly capitalise to do that. However, we are currently in joint venture. So that strategy will remain and for most national oil companies like Petronas has done, that is a means by which you grow your capability and capacity."

The analysis proves that the corporation is aware of certain growth strategies and would deploy them at the appropriate time.

- **What do you think can be done to arouse the awareness of the NNPC's Corporate Management and Staff on the utilities of Parenting Theory?**

The interviewees suggested corporate restructuring programme that would enforce accountability, entrench value propositions and insulate the corporation from government influence. They further suggested that corporate management should identify managers that would drive corporate parenting ideals at the corporate headquarters and assign them responsibilities accordingly. Also, workshops and courses on corporate parenting

practices be run, whilst mechanisms for rewarding and sanctioning good and bad performance be devised and made working effectively.

The interviewees made the following statements to support the above analysis:

> "So I think first and foremost you need a corporate structure that enforces the accountability structure and by combination both sanction and reward. ...This will succeed in insulating the corporation from political influence because NNPC is not supposed to be a civil service. Regarding performance measurement, what gets measured gets done. If you cannot measure it, there is no way you can have an accountability structure and an operational performance".

Suggesting the way forward for creating corporate parenting awareness in the corporation, another interviewee proposed:

> "I think basically in NNPC, we need to identify the managers who are responsible for driving corporate parenting. This will apply to most of the top management staff in the corporate headquarters. I think we need a combination of things. First of all, there needs to be workshops, but more importantly there is a need for almost a programme like a mini-MBA not the true MBA which should be very structured and intensive, organised over summer for people to go for like one month with their counterparts from other industries. ... If the chief executive is not accountable, it does not matter how much awareness you put on the ground, it is going to fizzle out, so we need a system that puts the chief executive under pressure to deliver particular shareholder objectives and then that coupled with the capacity development through all these workshops and all these things you talked about...will make it work. But I do not think that some loose seminars and workshops will do anything because there is no push. We need that fire!

This proposition indicates that more work needs to be done to popularise corporate parenting ideals and practices in the CHQ. This also gives an indication that the corporate centre practices some world-class corporate parenting ideals.

Section 6.4.1 attempted to present and analyse the questions posed to the interviewees on the world-class corporate parenting ideals including the world-class corporate strategy ideals they were aware of, and being practised in the corporation in light of the postulations of parenting theory. The interviewees also responded to questions on the growth strategy the corporation adopted and made suggestions on what the corporate management should do to arouse awareness of corporate parenting and corporate-level strategy.

6.4.2 CORPORATE CENTRE AND SBU/CSU ROLE MANAGEMENT

Under this general issue, the sub-questions to which responses were provided for are:

- What mechanisms exist to suggest that the corporate parent/centre has control over the SBUs?

- What is the evidence to indicate that the SBUs/CSUs understand their roles in the corporate parenting relationships? Or in a multi-level company how can the corporate headquarters, the business units and the divisions work together more effectively, to ensure that every level delivers complementary added value rather than redundant overhead?

- ***What Mechanisms exist to suggest that the Corporate Parent/Centre has control over the SBUs?***

The analysis from the interviews indicated that there were mechanisms such as structure, funding, central control, co-ordination and staffing. These suggested that the corporate parent had control over the SBUs. For example, one interviewee said:

> *"The mechanism is funding. The SBUs are either starved or barely funded. They have to come to the centre. I understand that the SBUs in*

accounting have to come to the centre. The corporate has effective control over the SBUs. So the other level of control is essentially the limit of authority. The capital structure must be very very clear. ...The second thing is that we have some centralised recruitment."

In further elaboration, another interviewee asserted:

"Access to fund and staff! These two things are being done at the centre and those are the two instruments of control that corporate centre seems to leverage on the subsidiaries."

Through the mechanisms identified it is clear that the corporate parent has control over

the SBUs and establishes a role relationship.

- *What is the evidence to indicate that the SBUs/CSUs understand their roles in the Corporate Parenting relationships? Or in a Multi-level Company how can the Corporate Headquarters, the Business Units and the Divisions work together more effectively, to ensure that every level delivers complementary added value rather than redundant overhead?*

The observations were that the SBUs/CSUs reported to the centre for funds, the CSUs

under the control of the corporate centre did not charge fees for the services they

provided to the businesses; corporate headquarters formulated policies and the SBUs

implemented accordingly. There was an observation that the centre did not appear to

have clear cut roles or vision but the SBUs/CSUs worked within the roles specified for

them. The interviewees agreed that the issue of a CSU acting as an SBU was a misnomer

and they found some of the evidences problematic. For instance, one interviewee noted

that:

"Most of the SBUs will tell you that they find it not very convenient to have to come to the headquarters for funds. If I have a fire in the refinery and need to spend money on a production line and it is beyond my ₦5

*million limit of authority, I have to wait and write a memo from the EDO
to the Managing Director and then to the Board before I can get that
fixed. That can be a problem, whereas operating expenses are
compounding. ...It is the CSUs that basically do not seem to understand
in my view, the cost consciousness. They expend as they desire and it
becomes an opportunity to create positions, et cetera, without
accountability."*

On the appropriate model for the CSUs, the interviewees were of the opinion that the

ideal model is that CSUs themselves must charge their services to the businesses.

Somehow the corporate centre exists to provide service to the different units so the

businesses ultimately bear the cost of running the corporate centre.

Expounding on the role theme, another interviewee reasoned:

*"The question in terms of whether the SBUs understand their roles,
certainly I do not think that there is any clear cut evidence of that; and it
is not clear to me sometimes that the centre even understands its roles in
making sure that the subsidiaries survive. ...But also bottom up, I do not
think that we get the compelling case from the subsidiaries as to why
anybody should send money to them. So there is always something wrong
both ways. ... How to work together more effectively still comes to the
issue of vision. If everybody knows where the corporation is going in
terms of what our expectation is, say we are expected to grow at the
compound rate of 'x' percent, of which this is devolved to this SBU or that
SBU...."*

The above statements made by the interviewees do not vitiate the evidence that the

SBUs/CSUs understood their roles in the corporate parenting relationship. The views

brought out the need for improvement in the overall role specification.

This Section presented and analysed the responses of the interviewees on the mechanisms

that suggested the corporate centre had control over the SBUs, the SBUs/CSUs roles in

the corporate parenting relationships and also the mechanisms that suggested the corporate centre had control over the SBUs for value delivery in the corporate sphere.

6.4.3 ROLES OF THE SUBSIDIARIES

Under this general issue, the question to which answer was provided for is restated as:

- *What do you think are the roles of the subsidiaries?*

In response to this question, the interviewees agreed that the roles of the SBUs could not be divorced from the corporate roles. However, that the SBUs existed to work the plan of the corporate centre and create value. The SBUs are the primary contact points with the markets and should provide feedback loops that help to mould the overall plan at the corporate centre. In line, an interviewee reasoned:

> *"I think the subsidiaries are basically the arms and legs of the corporation. They are the ones that work the plan. I think the role of the subsidiaries will be to work the plans and also to be the first contact with the market to provide the feedback mechanisms for the plan that helps to refine the bigger plan at the top."*

Again, this suggests that the SBUs worked within the roles stipulated for them by the corporate centre. They do not establish roles on their own whatsoever without the sanctioning of the corporate parent.

The Section presented and analysed the responses of the interviewees on what roles the subsidiaries play in the corporate portfolio. The consensus was that the strategic business units performed the roles stipulated to them by the corporate parent.

6.4.4 CORPORATE DESIGN

Under this general issue, the sub-questions to which answers were provided for are:

- What organizational design parameters can you find embedded in the NNPC's corporate design?

- What organizational design parameters do you identify to be very critical to the success of corporate parenting in the NNPC?

- Which of the under-listed dynamics is most prevalent due to the structure of the corporation - efficiency, effectiveness or both?

The answers to each of the questions were as follows:

- *What Organizational Design Parameters can you find embedded in the NNPC's Corporate Design?*

The analysis of the answers to this question indicated that the major parameter they found to be working was 'processes'. They argued that processes put integrity into the structural design. They also observed that the NNPC never had a strategy group. The organization needed to be redesigned from the ground up. For this, an interviewee observed:

> "*I think one of the things that looks embedded in the system if it works well, is the process. I think the organization has historically evolved what looks like a sound process. It may not really work all the time, but there seems to be approval process for everything, though not followed all the time or followed up very well. ...So I do not see any conscious effort to use structure to drive business but I see a very well established process over time that will put in place the structure somehow*".

Another interviewee recounted that it is only recently that strategy had become more central to NNPC's activities.

- **What Organizational Design Parameters do you identify to be very critical to the success of Corporate Parenting in the NNPC?**

The analysis showed that the key design parameter critical to the success of corporate parenting in the NNPC was strategy. Through strategy the CEO's value proposition is delivered. Structure was another key way forward, then people and processes. One interviewee believed that "strategy is at the heart of the corporation. ... to move its business along the lines of say Petronas and Petrobras who have done tremendously well in the last two decades", whilst another interviewee had the view that:

> "Structure will be the key way forward. ...We need a structure that helps us deliver growth, a structure around innovation, a structure around cost management. You know these things are best done with a carefully designed structure in place, not processes because processes are very good but they limit your ability to think. We need a structure that allows latitude in thinking because in future NNPC is going to grind to a halt if we just continue to run it by processes. We need an expansive mind set, people who can think of new ideas. And that is not a straight process. It is a structure and people thing. A combination of structure and process will be ideal. But I put structure at the top, followed by people and then processes. And of course, as you said, the word 'mechanism' ties all of them together".

The above statements also prove that certain parameters impact on the organizational design as agreed to by the questionnaire respondents.

- *Which of the under-listed Dynamics is most prevalent due to the Structure of the Corporation - efficiency, effectiveness or both?*

The interviewees neither agreed on efficiency nor effectiveness. They however saw 'transparency' as a more applicable and contextually appropriate virtue. To this, an interviewee claimed:

> *"When I look at our system, I do not see any of these things. Actually I do not know what it is aimed to achieve. The original drivers were more around transparency as opposed to efficiency and effectiveness and these systems were emplaced many many years in the past so we are trying to check that everything is done properly to make decisions, money does not get spent by people wrongfully".*

Another interviewee simply stated: *"We discover that we have an inefficient and over-bloated structure and that lends itself to our ineffectiveness".*

The above statements show that the NNPC's organization design needs to be reviewed to provide for structural efficiency and effectiveness in line with world-class ideal practices as observed by Burton, DeSanctis and Obel (2006).

The Section presented and analysed the responses of the interviewees on the organizational design parameters embedded in the NNPC's corporate design. The response indicated that in place of efficiency or effectiveness, transparency appeared more noticeable.

6.4.5 GOVERNMENT'S INFLUENCE

Under this issue, the sub-questions to which answers were provided for are:

- What influences do you think Government ownership and control of the corporation have on the corporate parenting practices of the corporation?

- What do you think Government can do to improve corporate parenting practices in the Nigerian National Petroleum Corporation?

The answers to these questions were as follows:

- *What influences do you think Government ownership and control of the Corporation have on the Corporate Parenting Practices of the Corporation?*

The respondents believed that the government ownership and control of the corporation had been a major negative influence on corporate parenting and governance. They thought there was an obvious lack of strategy development which was critical to the success of corporate parenting practices. The corporation was deficient as a result of this. However, they hoped that the corporation shall rely on the OECD's recommended governance structure. This would place some limitation on the government in intermeddling with the affairs of national oil companies.

Expressing his feelings on the influence of government over the NNPC, one interviewee commented:

> *"I think government influence in NNPC certainly has a major and negative impact on corporate parenting; and the reason I think so is that government being able to intervene in the businesses at all levels creates a major distortion. To be honest, I have no problem with government*

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intervening at the corporate headquarters, but allowing corporate headquarters to run its businesses at the SBU level as it deemed fit to meet the aspirations of government good or bad. At least, that way you maintain the integrity of the system, of the processes and maintain a structure that can sail in any direction you want it to sail. ... But when government intervention is at all levels of the organization there is a major compromise of the thing. ... That way, you render the whole corporate centre essentially useless. This basically led to where we are and has compromised very much the essence of governance".

Stressing further the negative impact of government in corporate management, another interviewee lamented:

"As a matter of fact, the lack of strategy development over the years has been an expression of the degree to which NNPC as an implementer of Government policy has gone. ... The deficiency we see has to do with the extraneous influence largely coming from the Government. In future, in building the new organization our focus will be on trying to have an independent professional governance structure to immunise the organization from political influence and in doing so, we are relying on the OECD recommended governance structure for state owned enterprises...."

The above statements show that the interviewees agreed with the questionnaire respondents. This further indicates the extent to which government influenced the NNPC. In line, it confirms too how the roles of the SBUs/CSUs and the organizational design were affected thereby. The issues of government ownership and control were considered so fundamental that so much value destruction was attributed to them. For instance, the interviewees observed that the CEO and his Group Executive Directors including some top managers were appointed by the Government and these had positioned the corporation to do Government's bidding rather than be productivity and performance-driven.

- *What do you think Government can do to improve Corporate Parenting practices in the Nigerian National Petroleum Corporation?*

The analysis of the interviews suggest that government should just limit its role to that of a shareholder; set and enforce performance mandates for the corporate centre and its leadership; set up an independent professional board with defined roles; capitalize the subsidiaries and allow chairmen of the subsidiary boards to be under the NNPC's control for greater alignment between the SBUs and the corporation. The respondents argued that the structure to be redesigned should address the key weaknesses identified in the corporation.

In this wise, one interviewee recalled and introspected:

> "Like I mentioned before, the first thing is an independent professional board. We have sought to recommend to the Government that this is the required state of things. The Board that needs to be appointed must be professionally competent and we will also recommend that all non-executive board members must have a clearly defined role either to chair the Finance Committee or Technical Committee and Establishment Committee or represent a particular skill that is required on the Board to provide professional advice. ...The second thing to talk about is capitalizing the subsidiaries. ... The third thing is we are recommending that the Boards of the SBUs are differently composed from those which are currently in existence where the Chairmen of the Boards and the non-executive members are appointed and they could drive the organizations in a direction that is different from the direction that say NNPC would want to drive them. ...They should design a structure that will address all the key weaknesses of the corporation and enable the corporation to go from where it is to the desired state."

The interviewees believed if the above suggestions were implemented, government could improve corporate parenting practices in the NNPC.

The Section presented and analysed the responses of the interviewees on their thoughts concerning government ownership and control of the corporation, and ways of improving corporate parenting practices in the corporation. The Section further expressed the critical stance of the interviewees on the substantial value that had been destroyed through the influence of government.

6.5 Corporate Parenting Ideals and Roles at the NNPC

In this Section, the data from the questionnaire respondents and the interviews are merged to deduce answers for the five research questions.

The analysis of interview and questionnaire responses to Question One (What world-class corporate parenting ideals are being practised in the corporate centre of the NNPC?) indicated that a large proportion of the world-class ideals were being practised in the corporate centre of the NNPC. Such practices were identified and synthesized to form the basis for Appendix V. Seventy three (73) of the world-class corporate parenting ideals were identified. This was derived from the consistent implementation of suggestions from world renowned management consultants engaged from time to time to review the NNPC's systems, processes and organization design.

The analysis of interview and questionnaire responses to Question Two (What world-class corporate parenting ideals are non-existent in the corporate centre's management of the NNPC?) indicated that some world-class corporate parenting ideals were not being practised at the corporate centre of the NNPC. Forty four (44) of such were identified

and synthesized to form the basis for Appendix VI. Also, it was found that presence of world-class ideals did not mean effective practicing of them. The effect of the absence of these world-class corporate parenting ideals did not allow the corporation to attain its full potentials nor stretch the opportunities resident in the corporation. It is hoped that incorporation of these missing ideals will improve managerial practices, increase parenting value and carry the transformational drive of the corporation to a new level.

The analysis of interview and questionnaire responses to Question Three (What are the evidences that suggest that the SBUs/CSUs play their roles within the corporate parenting framework?) evidenced that the SBUs/CSUs played their roles within the corporate parenting framework. There were designed mechanisms such as structure, funding, control, coordination and staffing through which the SBUs/CSUs played their roles or interacted. The structure was deployed to especially define the roles of the SBUs/CSUs within the corporate framework and stipulated all the functions performed in the corporation.

The analysis of interview and questionnaire responses to Question Four (What effects do the ideal corporate parenting practices bear on the corporate design of the NNPC?) indicated that ideal corporate parenting practices had positive bearing on the corporate design of the NNPC. Corporate parenting practices are about value creation and parenting advantage. The study had already indicated that there was a reasonable level of adoptation of value creating practices, including processes that aid transparency. What was actually required had been the political empowerment for the corporation to be

properly deregulated and for the deliberate embodiment of the world-class ideal practices that were not being deployed.

The analysis of interview and questionnaire responses to Question Five (What effect does government control over the NNPC have on its current corporate parenting and corporate-level strategies?) suggested that government control of the NNPC had negative effect on the NNPC's current corporate parenting and corporate-level strategies. The effect was noticed partially in the way government involved itself in appointing the leader and top management of the corporation and also through the budget process. Perhaps with the transformation mandate, the effect may turn positive.

However, the analysis of interview and questionnaire responses also showed lack of awareness of corporate parenting and corporate-level strategy ideals. Therefore, for further examination and corporate parenting practice improvement, such ideals had been identified and synthesized to form the basis for Appendix VII. There were 69 themes or variables so identified.

6.6   Conclusions

This Chapter analyzed questionnaire and interview responses on the five research questions of the study and present the key findings as follows:

- The study identified 73 world-class corporate parenting ideals that were being practised or present at the corporate centre of the NNPC (See Appendix V).

- The study identified 44 world-class corporate parenting ideals that were not being practised at the corporate centre (See Appendix VI).

- The study indicated that the strategic business units/corporate services units played their roles within the corporate parenting framework, achieved through defined critical success factors, value chains, strategic planning mechanism including human resource.

- The study indicated that the ideal corporate parenting practices had bearing on the corporate design of the NNPC through structure, design options, strategy, process, people, technology and political governance.

- The study identified that Government control over the NNPC had adverse and negative effect on the current corporate parenting and corporate-level strategies. These were observed through the appointment of the Board of the NNPC, appointment of the Group Managing Director and his top management staff, and approving of the corporation's budgets.

- The study identified 69 themes on which respondents were unaware or lacked information on corporate parenting (See Appendix VII).

7.1   Introduction

In Chapter Six, the data gathered for this study were presented and analyzed. Accordingly findings were made for the five research questions earlier posed in Chapter One.   In this Chapter, the findings based on the analysis are situated and discussed within the context of the literature reviewed on corporate parenting and corporate-level strategy.   The rest of the Chapter consists of seven sections: Section 7.2 discusses world-class corporate parenting ideals practised in the NNPC; Section 7.3 discusses world-class corporate parenting ideals not practised in the NNPC; Section 7.4 discusses roles of the SBUs and CSUs; Section 7.5 deals with the ideals of corporate parenting practices and the corporate design; Section 7.6 deals with the impact of government control over the NNPC; Section 7.7 discusses   lack of information on corporate parenting practices; whilst Section 7.8 concludes the discussion.

7.2   WORLD-CLASS CORPORATE PARENTING IDEALS PRACTISED IN THE NNPC

The study identified 73 world-class corporate parenting ideals that were being practised or present at the corporate centre of the NNPC (See Appendix V for the ideals).   These ideals were identified because the NNPC was given the mandate to position itself as a world-class organization that would be achieving improved levels of international competitiveness.   Predicated upon this mandate, the researcher

decided to study the organizational dynamics of corporate parenting and corporate-level strategy to identify how successful corporations adopt them to create value and parenting advantage. Accordingly, the researcher identified some of the ideals from related literature and studies of Porter (1987), Goold *et al.* (1988, 1994 and 1998); David (1989); Haspeslagh and Jemison (1990); Ohmae (1990); Vogl (1995); Goold (1996); Campbell and Goold (1998); Goold and Campbell (2002) and Lewis *et al.* (2004). The ideals so identified were benchmarked with those embedded in the corporate centre of the NNPC. The 73 synthesized ideals from these studies which tallied with those found in the NNPC prove that there is convergence. These world-class ideals are selectively discussed to offer representative support for all the ideals revealed both by this study and the studies consulted. It would be daunting to discuss the 73 ideals one by one. Therefore, they are discussed under seven subheads: strategic business units/corporate services units, measurement and reportage on business net value, corporate design functions, legal framework, information technology, devising monitoring techniques for political and social pressure and strategy office. These seven subheads are now discussed to show how the findings relate to the literature and debates. The envisaged framework is developed from the framework earlier adopted by Goold *et al.* (1994). In addition, as said earlier, the developmental themes of evolution, configuration and creativity from corporate-level strategy are incorporated in the new framework of this study. Within the framework are the E^8 themes to test for encompassive corporate parenting.

7.2.1 Strategic Business Units/Corporate Services Units

The studies identified activities sharing to SBUs/CSUs as one of the world-class ideals. Successful corporate organizations deploy SBUs/CSUs to carry out parenting

functions. This practice was embedded in the NNPC and agrees with the views of the other studies. However, in the NNPC, 24 CSUs were deployed to partake in the parenting role. This large size in the number of the CSUs has contributed in creating confusion in CSUs' role specification. For instance, this study found that the demarcating line of functions amongst the CPDD, SG, GHR and NBDD was not clear. They appeared to be doing overlapping jobs. The specific point where centralised control and co-ordination was resident in the CSUs is not clear. The central point where overall performance was measured and competitive analysis was undertaken is also not clear. From this, it can be argued that the effective utilization of the CSUs appears to leave some gaps. This perhaps accounts for the observation made by the interviewees of this study that the structure of the headquarters was rather large and created the doubt whether the headquarters was justifying its existence considering the inherent bureaucracy and burden of cost imposed by the structure.

Be that as it may, the use of the CSUs implied that the corporate centre was aware of and practised a larger proportion of the world-class corporate parenting themes. This goes to support the finding that in the NNPC, considerable proportion of the functions identified in world-class organizations were accommodated in the organizational design, and show signals that there is hope for better corporate management. The gaps of performance and effectiveness noted here form part of the corporate parenting framework to be developed and they can be benchmarked against the testing frame constructed within the framework. The themes of the framework had already been explored in the literature review Chapters as: entity, expert; eclecticism; efficiency; effectiveness; entrepreneur; ethos and exemplar – the E^8.

7.2.2. Measurement and Reportage on Business Net Value

This study found that SBUs reported on production capacity maximization which subsequently contributes to the overall relevance of the corporate management information system. This supports the study of Vogl (1995) which identified the measurement and reportage on business net value as practices of successful corporate organizations, thereby supporting the acceptance of the views. However, reporting on the capacity maximization from the different geographical zones of the NNPC did not mean effective utilization of the production facilities. Plants that do not undergo scheduled turnaround maintenance as and when due malfunction and underperform. It is one thing for an ideal to be present and another thing for that ideal to work properly as envisaged. More so, what constitutes business net value appears unclear to the corporate centre because the corporate business focus is beclouded by interference from the government.

7.2.3 Corporate Design Functions

World-class ideals such as identifying presence of opportunities that the parent was best positioned to tap and harness and deployment of corporate resources, including development of a framework for value addition, as well as designing a corporate review framework for synergy were identified in the NNPC. These agree with the views of Campbell (2001). These views help value creation and parenting advantage of the corporate centre because they also encourage opportunity to model cross-company activities that distinguish the corporate centre from other corporate centres.

7.2.4 Legal Framework

This study found that the CSLD of the NNPC guided the corporation to work within the legal framework setting it up. The studies of Park and Campbell (2001) provided basis for benchmarking and forming of an opinion. This study accepts the view. In fact, the legal framework setting up the NNPC had been a bane in its move towards growth, profitability, efficiency and effectiveness and had limited the functional scope of the legal division. NNPC cannot grow as intended because of legal bottlenecks. However, the CSLD intervened in joint venture arrangements as a form of strategy for growth. But to properly secure its position in the dynamic oil and gas industry, the NNPC must consider its growth strategy beyond joint ventures. The ideal legal framework identified by Park and Campbell (2001) was not the government-encumbered type, though.

7.2.5 Information Technology

The identification of internet as an additional delivery mechanism to reduce costs under information technology by the study synchronized with that also identified by Park and Campbell (2001) and other scholars. The information technology division of successful organizations identified in the literature used technology to improve parental processes. There was a requirement therefore that information technology would flatten the organizational structure of corporate organizations who desire to improve their processes and systems. In the studies referred to in the literature review Chapters, information technology was used to institute control, co-ordinate, design cost structures and cut down parental levels in national and international corporate parenting. The concept of virtualization had been deployed to reduce physical geographical nodes or SBUs in foreign lands. Whilst creating functions, the

underlying belief of corporate parents had been that the features of those functions are to be exploited. This, perhaps, is expected to crystallize in the case of the NNPC with regard to information technology. The researcher therefore respecifies and proposes the following model within which an e-Agenda of the NNPC and the oil and gas industry can be based:

Figure 7.1: e-Agenda Model for the NNPC and the Oil and Gas Industry

e-Commerce	e-Agenda	Internet (Intranet)
	New Technology	
	*Existing business initiatives	
	*New business ventures	
	*Corporate-level strategy review	
	Generation and choice of parenting options/models	

Source: Researcher's respecified Model

This respecified model situates the corporate centre of the NNPC within Park and Campbell (2001) who noted that deregulation and new technology had continued to bring new competitors into the global market. As a result, the developed countries' markets had matured and become over supplied and so internationalization had gradually declined in favour of organizational consolidation to maintain growth in earnings. They believed therefore that corporate parents require rethinking their overall strategies more dynamically. Park and Campbell (2001) observed that organizations use the internet as an additional delivery mechanism for their existing business for the reduction of costs and pointed out that corporate centres see it hard to be detached, so they influence, to a large extent, what goes on in the corporate organization. For this, corporate centres also dictated the pace of technologies of the new economy; whether in the right or wrong direction. For the fact that this study focuses on public corporations in the developing countries, there is a more compelling

reason for the public corporations to contextually think through their e-Agendas with care.

E-commerce as part of the e-Agenda and product of the new technology supports corporate strategy in achieving growth through virtual global network expansion rather than of geographical expansion through acquisition. Also, e-commerce provides the means to transform existing business models to reduce costs and improve customer service which are essential for success in more competitive lower margin markets. The business model of the NNPC can be affected through deployment of the e-Agenda model. Further, first mover advantage to gain market share in fiercely contested mature markets is important in achieving low unit costs and this can happen through corporate-level strategy review, evaluation of existing business initiatives, generation of new business ventures and through choice of parenting options and models bearing information technology in mind. The internet now serves as a powerful tool in information generation and management. It is no wonder the saying that information is the live blood of organizations. The e-Agenda makes this more vivid. Also, organizational procurement, human resources and general back office efficiencies can be benchmarked against best practices within the information technology confines.

7.2.6 Devising Monitoring Techniques for Political and Social Pressure

In a related manner, this study found that government control of the NNPC had negative effect on the NNPC's current corporate parenting and corporate-level strategies. The studies of Ireland *et al.* (2003) identified public relations as an important function of successful corporate organizations that practice corporate

parenting. It identified public relations as devising monitoring techniques that can manage the political and social pressures brought upon corporate organizations by the external environment. This study accepts the view because there is an existing GPAD in the NNPC. Ireland *et al.* (2003), however, observed that the public relations function crafts incisive brand power or corporate brand that positions corporations for effective competition. This, nonetheless, remains to be seen in the operations of the GPAD of the NNPC.

7.2.7 The Strategy Office

This study identified the presence of an Office for Strategy. The studies of Kaplan and Norton (2005) also identified such operating in world-class organizations. The views therefore synchronize. However, the terminologies used in the different settings differ. Whilst it was called Office for Strategy Management (OSM) in the studies of Kaplan and Norton (2005), in the NNPC it was called the Strategy Group or Strategy Division. In the NNPC's case, the office was created newly and it had not been assigned the standard duties identified for world-class OSMs. Perhaps, the office can work hard to reduce the confusion usually surrounding the description of corporate-level strategy and sharpen the strategic focus of the NNPC. However, the presence of a functional service does not necessarily mean empowerment to discharge the duties thereto. Nevertheless, the NNPC had from time to time, employed the services of consultants to move the corporation forward through introduction of world-class best practices. For instance, the Project PACE initiative which had yielded some quick wins for the corporation is a pointer.

In summary, seven world-class ideals discussed above were also supported by the literature reviewed earlier. The ideals were: activities sharing to SBUs/CSUs, measurement and reportage on business net value, identifying of opportunities present that the parent was best positioned to harness, operating within legal framework, identification of internet as an additional delivery mechanism to reduce costs, devising monitoring techniques for political and social pressure, and office for strategy.

7.3 WORLD-CLASS CORPORATE PARENTING IDEALS NOT PRACTISED IN THE NNPC

The study identified 44 world-class corporate parenting ideals that were not being practised in the NNPC (see Appendix VI for the ideals). The studies of Porter (1987), Goold et al. (1988, 1994; 1996); David (1989); Haspeslagh and Jemison (1990); Ohmae (1990); Vogl (1995); Goold (1996); Campbell and Goold (1998); Goold and Campbell (2002) and Lewis et al. (2004) provided basis for the synthesis of the world-class corporate parenting ideals, but they were not identified by the study conducted on the corporate centre of the NNPC. Thus, the view of this study rejects the views expressed by the other studies. Again, because the world-class ideals not being practised in the corporate centre of the NNPC appeared substantial and can generate too much textual information, 5 of them are representatively deployed for the discussion to show why the ideals were absent. The world-class ideals deployed for the discussion are: centralised marketing function, fee charging corporate centre, focus for strategy management, portfolio management, and corporate centre and exogenous pressures.

7.3.1 Centralised Marketing Function

Most successful world-class corporate organizations encourage the establishment of centralised marketing function to gain market share and compete against rival organizations. The case in the NNPC was different because the corporation did not see itself in competition against any rival organization. The portfolio composition of the NNPC was not clear-cut enough to make this happen. For instance, PHRC, WRPC and KRPC appeared to have value chains that were similar, so also NIKORMA and NIDAS. But other SBUs like IDSL, NPDC, NGC, NAPIMS, NETCO, PPMC, HYSON had different business focus and did not appear to be in the same heartland. Their value chains were not the same and a re-arrangement of the heartlands therefore becomes imperative. This supports the suggestion that the NNPC's portfolio was not totally concentric or conglomerate. A centralised marketing function would require to be manned by specialists as suggested by the studies referred to above. This means that the specialists that can be at the centre need to have both downstream and upstream operations experience in the case of the NNPC.

A centralised marketing function has the potential to set up quantifiable objectives and encourage the development of specialist expertise relevant to marketing both at the local and international levels. However, there were individual marketing departments in some of the SBUs of the NNPC to take care of local marketing needs. This disjointed marketing strategy does not appear to be an ideal practice for a corporation that is considered international and world-class. There appears to be a need for a centralised marketing division that can craft competitive strategies to focus the corporation for competitive business. This is strongly so, based on the new

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mandate to the NNPC to perform. A centralised marketing function can make performance measurement focused and enable the corporation to fathom out its global market share. It can also encourage capacity utilization of the IT infrastructure and e-initiatives, and encourage enterprise-wide entrepreneurial behaviour for dynamic capability advantage. The piece meal departmentalization of the marketing function does not provide strong force to counter the activities of rival market predators and also provide a platform to source raw materials from world-wide avenues. It does not even allow for 'market-place' relationship amongst the SBUs. The inertia in the NNPC's corporate marketing arrangement causes the corporation to manage for volume and local market share, rather than centrally manage for profit and margin, including establishing a global market share.

The absence of a centralised marketing function perhaps confirms the notion, in a way, that the corporate centre was not aware of everything that had been going on in the SBUs because the centre did not have information on what the local marketing departments were doing.

7.3.2 Fee Charging Corporate Centre

A world-class ideal identified by the studies on corporate parenting was the charging of fees by the corporate centre for the services it renders to the SBUs. This ideal was not found in the NNPC possibly because it remained a government organization and did not drive for profitability. This accounts, in part, for the over-bloated nature of the corporate centre. There were too many CSUs, parenting levels and central staff. All these added up to explain the level of inefficiency and ineffectiveness of the corporation. No recorded competitive analysis, no value creation rationale deployed

to measure the number of staff that were adequate for the centre and no added net value statistics to confirm if the corporate centre was actually in commercial business. When the headquarters could not assess its relevance, state exactly what it had achieved for the corporation, then there is less basis for any argument that the corporate centre of the NNPC performed a step ahead of other rival headquarters; or that it justified its existence. One of the ideals of world-class corporate centres was to minimize operating cost. But the headquarters of the NNPC added costs through the size of staff it maintained, senior appointments it made to the CSUs and undue procedural interference in the activities of the SBUs.

It would appear, therefore, that the value creation and parenting advantage conditions required by corporate parents can be effectively met, if they are allowed to charge fees for the services they render to the SBUs. If this happens, it is likely that the SBUs may never pay for services that were not satisfactorily rendered to them since their autonomy can impose on them value for money ideology. The charging of fees can presuppose too that the headquarters staff were highly competent and skilled and could indeed supervise the affairs of the SBUs. World-class headquarters command respect because of their competence pool, and that is why one of the duties of the corporate centre is to create opportunity for individual managers to identify pet projects or initiatives and accordingly champion them (Goold *et al.*, 1994). There is an indication that framework themes such as entrepreneur, efficiency and effectiveness are drivers for justifying the bases for charging fees by the corporate centre.

7.3.3 Focus for Strategy Management

The Strategy Group in the NNPC was not seen as the chief-of-staff of the Group Managing Director because it was just established as a neck function to the Group Managing Director. Its functions had not been defined. The Office for Strategy Management of world-class corporate parents was identified as the chief-of-staff of the CEO. Therefore there is no convergence of views. The world-class Office for Strategy Management functionally carried out co-ordination of strategies across the portfolio, aligned employees' plans for competency development with the strategic objectives and selected strategies that reduced inefficiency and ineffectiveness. The office also located presence of opportunities the parent was best positioned to tap, advised on business acquisitions and divestments. The office further carried out modelling of cross-company activities which distinguished the corporate centre from other corporate centres in identification of synergy opportunities or neglected potentials, worked hand in hand with other internal consultants on the corporate process manuals with a view to developing capability management. Again, it handled investor relations, collaborated with other CSUs to ensure that there was five years consistent report on turnover growth, to qualify such corporate centre as an international organization.

However, in the corporate centre of the NNPC, these functions were not seen being performed by the counterpart Strategy Group. The Group appeared to be involved with functions only assigned to it by the CEO. The functions of the Group had not been formalized to constitute a job description. The format of functions identified in the studies of Kaplan and Norton (2005) had not been adopted by the corporate parent of the NNPC to place the Strategy Group in line with other strategy offices world-

wide. Nevertheless, the establishment of the Group is a step in the right direction. The perspectives that were not present in the NNPC's Strategy Group call for framework themes such as ethos, eclecticism and exemplar to test for the group's relevance.

7.3.4 Portfolio Management

An ideal very prominent in the practice of world-class corporate centres was portfolio management. Porter (1987), Goold *et al.* (1994); Wit and Meyer (2004) and Lewis *et al.* (2004) vividly made this clear. In these studies, corporate-level strategy was described in the light of how the corporate whole aggregated to more than the sum of its SBUs. This is not seen in the NNPC's corporate arrangement. This raises the issue of entity to account for corporate-level strategy. Corporate-level strategy characteristics were partly about major acquisitions, divestments, restructuring including write-offs, plant closings and consolidations, takeovers, re-organization, joint ventures and licensing agreements, decision making elements of the chief executive officers, board of directors, formal planning systems, consultants and investment bankers. Corporate development practices of the NNPC, however, do not support the view of Vogl (1995) because the NNPC did not grow through business purchasing, selling, tearing or mending. In the practice of corporate-level strategy in the NNPC, these characteristics were not effectively seen. Thus tempting one of the interviewees to assert that there was no defined corporate-level strategy in the NNPC. The interviewee noted, however, that strategy should reside at the heart of the corporation to move its businesses along the lines of Petronas and Petrobrass, who had done tremendously well in the last two decades.

The absence of corporate-level strategy had contributed in the non-categorization and analyzation of the corporation's businesses according to world-class portfolio or growth/share matrix which traditionally had been expressed in stars, cash cows, question marks and dogs; and parenting matrix of heartland, ballast, alien and value trap. For instance, WRPC, PHRC and KRPC appeared to be matured businesses constituting an edge-of-the heartland because their activities were alike. NPDC, NGC, IDSL, NAPIMS appeared to constitute another edge-of-the heartland; NIKORMA and NIDAS yet another. HYSON and PPMC might appear further as another edge-of-the heartland, but NETCO was like on its own in the portfolio. Another misnomer in the NNPC portfolio was the place of Retail Division. This division is customer facing and profit making, and in corporate parenting practices was supposed to be an SBU and not a CSU. The way the businesses were in the portfolio did not give the clear indication, as earlier said, whether the corporation's businesses were conglomerate or concentric. This appears to be the reason why sometimes the corporation had been described as an 'integrated organization' and at other times, 'holding organization'; suggesting therefore that something was wrong somewhere. The shortcomings are still hidden because the corporation has not started acquiring other businesses or considering mergers (Haspeslagh and Jemison, 1990; Raynor and Bower, 2001). Crisp definition of portfolio and organization form is fundamental rather than incidental for value addition and parenting advantage. However, the current mandate to the corporation is intended to pitch it against world-class practices.

Further, this study negates the view of empirical studies that world-class corporate centres had a comprehensive portfolio of e-initiatives which reviewed existing

businesses, new business ventures and responsibilities of the corporate centre. This was not found in the corporate centre of the NNPC. This is the reason why the internet initiatives had not produced new business and parenting models at the corporate centre of the NNPC, for which therefore an e-Agenda model had been respecified.

7.3.5 Corporate Centre and Exogenous Pressures

Again, in a related manner, this study found that government control of the NNPC had negative effect on the NNPC's current corporate parenting and corporate-level strategies. The studies of Duncan (1972), Bourgeois and Eisenhardt (1988), Siggelkow and Rivkin (2005), and Burton *et al.* (2004, 2006) analyzed how exogenous influence affected corporate centres. The studies of Fubara (1982) and Ramanadham (1986) specifically identified how government influence affected public corporations. The view found in this study accepts the views of other empirical studies. The paradoxical situation is that whilst the world-class successful corporate organizations had devised concrete ways of dealing with the problem, the NNPC is nonetheless incapacitated. Because it is a government establishment, the NNPC carries out the dictates of government, even though when such dictates offend against corporate governance principles. This accounts for the constraining incapacity of the corporation to devise sharp monitoring techniques to manage the political and social pressures that bear upon it. This singular government exogenous influence affects all other aspects of the corporation.

For instance, the reason why the portfolio of the corporation was not clear-cut is because it had to receive approval and fund from the government to initiate any

meaningful business proposal. Government can wake up one morning and ask the NNPC to incorporate a totally new unrelated business into its portfolio and this would happen since the corporation cannot say 'no'. Government can appoint non-core professionals to head some certain aspects of the corporation's business, and no one can kick against such. This raises serious expert issues. The chief executive himself is appointed by the government, and to protect his job he would have to dance to the tune of the government. In this situation, value is destroyed rather than created. Even the boards of directors of the SBUs were appointed by the government. Some of these board members did not have knowledge of the activities of the SBUs, so rather than contribute meaningfully, they allow self seeking tendencies to overshadow business reasoning. This confirms that the organization design of the corporation is also influenced by the government. However, the recent pressure on government to reduce its interference in corporate organizations as expressed in the governance structure recommended by the OECD and CACG can put some check on government's influence by separating government's functions from public corporations' functions and pave the way for enthronement of eclecticism.

The Section discussed five representative world-class ideals identified in the Chapters on literature review which were either not being practised or partially practised in the NNPC. The world-class ideals were centralised marketing function, fee charging corporate centre, Office for Strategy Management, portfolio management, and corporate centre and exogenous pressures.

7.4 ROLES OF THE STRATEGIC BUSINESS UNITS AND CORPORATE SERVICES UNITS

This study found that the relationships that existed between world-class corporate centres and their SBUs/CSUs were established by the corporate parent. The studies of Hakansson (1982), Hutt *et al.* (2000), Porter (1987), David (1989), Johnson and Scholes (1999), Goold *et al.* (1988, 1994); Haskett *et al.* (1990), and Nohria (1992) also provided bases for this view. This study therefore accepts the view that SBUs/CSUs had roles which they played within the framework established by the corporate parent.

The SBUs/CSUs carried out the business objectives of the corporation. Their value chains and critical success factors were determined by the corporate centre. On another note, the literature revealed that in world-class SBU practices, market-place relationships were encouraged. By this, SBUs could transact and compete amongst themselves without let by the corporate centre, but the practice in the NNPC required that the SBUs got the nod of the corporate centre to enter into any meaningful co-operation. This is perhaps predicated on the 'integrated organization' concept practised by the corporation. This concept places enormous control power in the hands of the corporate centre. Because of this arrangement, the SBUs were not autonomous. Also, the management style which appeared to be based on strategic planning and strategic control approaches greatly empowered the centre. Through strategic planning and control, the centre sought to have a hands-on control on the SBUs, which sometimes were resisted by the SBUs. Perhaps with the adoption of the 'holding organization' concept which devolves power to the SBUs and demands accountability, the world-class ideal requirement of inter-trading can be enthroned.

Again, because of the role-based relationship, redefinition of business units was not carried out even when deeply rooted hostility and mistrust between senior managers in the different business units were apparent. Further, redefinition was also not carried out where there existed difficulty in allocating costs and revenues to the business units. The studies of Goold *et al.* (1994), and Wit and Meyer (2004) found further that corporate centres through role definition made their corporations learning organizations. This study however negates the learning organization view of Goold *et al.* (1994), and Wit and Meyer (2004). It negates or rejects further that the NNPC corporate centre carried out periodic review of cross-company business initiatives to establish that SBUs/CSUs were preferring ties with third party organizations. All major contracts of the SBUs/CSUs of the NNPC with third parties were ratified by the corporate centre before execution.

The foregoing Section discussed the roles of the strategic business units and the corporate services units. The units were seen doing the biddings of the corporate centre. The integrated nature of the NNPC caused power to be centralized at the corporate headquarters whilst with a holding form of organization the strategic business units could be autonomous, accountable and more responsive to local business operations.

7.5 IDEAL CORPORATE PARENTING PRACTICES AND THE CORPORATE DESIGN

This study found that ideal corporate parenting practices had bearing on the corporate design. This perception accepts the views expressed in the studies of Rao and Narayana (1987); Robbins (1988); Mullins (1998); Phillips (1980); Grandori and Soda (1995); Nonaka and Takeuchi (1995); Goold *et al.* (2001); Park and Campbell

(2001) and Lewis *et al.* (2004). The corporate design of the NNPC was in such a form that some of the parameters found by the studies referred to above were embedded. The embodiment permitted for the practice of the ideal corporate parenting.

At the corporate centre, the GMD who was the head of the corporation was also the strategic leader. He was assisted on the first parenting level by some peripatetic chairmen otherwise known as Technical Assistants and Personal Assistants or collectively called the GMD's support staff. Then, in accord with the findings of Goold *et al.* (1994), that certain business units exerted some influence over the CEO, the GMD had the PPMC, GPAD, Audit Division, Special Duties Office, RED, CPDD and Strategy Group directly reporting to him. These units require the GMD's quick response and closer over sighting. However, the function of the co-ordinator (special duties) of the NNPC except it was a new parenting function created to co-ordinate the SBUs/CSUs did not appear congruent going by corporate parenting structural requirement.

On the second parenting level, there were six GEDs who reported to the GMD. The GED (E&P) oversaw part of the NNPC portfolio which consisted of NAPIMS, IDSL, NPDC and NGC. Other units under the E&P were: COMD; NCD, and LNG & Power. The GED (R&P) was in charge of PHRC, WRPC and KRPC, which constituted part of the corporate portfolio too. The GED (F&A) provided financial services for the corporation, whilst the GED (CS) provided human resource services. GED (C&I) oversaw HYSON whilst GED (Engineering) oversaw NETCO. The direct and dotted reporting lines facilitated the work of the corporate centre. Again,

these reporting lines aligned with the views of the studies referred to. The third parenting level consisted of the GGMs, the fourth, GMs; the fifth, Managers and the sixth, the DMs. The number of parenting levels appeared too many and negates the findings of the pertinent studies earlier referred to. Corporate parenting creates value through quick decisional response. In a competing environment, decision delayed means opportunities lost.

The six parenting levels mentioned above, have the capacity to whittle down communication and impose cost on the corporation. It did not seem to provide opportunity for staff down the parenting chain to fully employ their skills and competence, as the staff had presumed, sometimes erroneously, that higher up, some more refining of their work and suggestions would be made. Even at the SBU and CSU levels, there were four corresponding distinct management levels (i.e. MD, EDs, Managers, DMs for the SBUs, and GGM, GMs, Managers and DMs for the CSUs). This NNPC's position also negates the findings of other studies like those of Goold, Campbell and Alexander (1994) and Button and Obel (2004), denoting that the organizational design of the NNPC imposed unnecessary cost on the revenues generated by the SBUs. Because of the integrated form of the organization, the matrix structure identified by the studies referred to, was not found in the NNPC. And it is partly due to the absence of this matrix dimension that the SBUs did not have a market-place relationship.

Effective corporate centres adopt smaller span of control as well as reduced number of staff at the corporate centre. This study found that there were too many staff at the corporate headquarters. For instance, Goold *et al.* (2001) suggested that for an overall

workforce of 20,000 employees, a lean minimum functional corporate staff numbering between 20 and 25 may be required. They broke down the numbers into corporate functions such as General Management (4-5), Legal (3-4); Financial Reporting, Control and Internal Audit (5-6); Treasury and Tax (3-4); Planning (2); Human Resources (2) and Government and Public Relations (2). The breakdown implied that less and less corporate staff members would be required for functions comprising Planning, Human Resources, Government and Public Relations. This is a far cry and did not relate in any way to the over 1,000 corporate staff of the NNPC.

The foregoing Section discussed the ideal corporate parenting practices as well as corporate design, and found some of the literature themes prevalent in the corporate centre of the NNPC. The next Section discusses some pertinent literature themes that could improve corporate parenting practice in the corporation.

7.5.1 Programmes for Sustained Value Creation

The organization design of the NNPC did not provide for the effective crafting of research programmes for continuous value creation. For example, the interviewees noted that the current R&D and Engineering divisions did not 'research' and 'engineer' as expected. Their presence did not create value nor contribute to the corporate centre parenting advantage. They were constrained because the corporation was not into any real competition. This also negates the studies of Porter (1987) and Goold, Campbell and Alexander (2002). The corporate design did not show how the corporate centre interconnected global businesses, thereby negating the empirical studies further. Even with the introduction of IT, the corporate centre could not be

said to be co-ordinating e-initiatives across the portfolios as suggested for world-class corporate parenting.

The pyramid of the organization structure was still tall even with the introduction of an Information Technology function. However, the structure had a process in place where certain reports were forwarded to the corporate centre to keep it abreast with happenings in the SBUs with the implication that the corporate centre might not be aware of everything going on in the SBUs. To make the corporate centre be in control, the studies of Goold, Campbell and Alexander (2002) have identified another parenting unit at the corporate centre essentially carved out for strategic control and also for co-ordination. This is also intended to assist the CEO through paralysis by analysis to address the possible information overload resulting from the groups and units that exert influence on him. This has the potential of freeing the CEO some time for serious strategic thinking (Kaplan and Norton, 2005). Somehow, the peculiar situation facing the GMD by way of government interference and his unending summons to appear before one Committee of the Senate or the other, and to House of Representatives was not addressed by the studies of Kaplan and Norton (2005). This is where the theme of ethos appears very relevant. Nevertheless, the studies of Fubara (1982), Ramanadham (1986), recommendations of the OECD and CACG had anticipated organizations to devise strategies that would deal with the political and social pressures impacting on them.

The foregoing Section discussed dynamics that can ensure sustained value creation through research programmes, corporate design with low pyramid, introduction of a

parenting unit at the corporate centre of the NNPC essentially for purposes of strategic control and co-ordination.

7.6 IMPACT OF GOVERNMENT CONTROL OVER THE NNPC

This study found that government's control had adverse and negative effect on the NNPC's current corporate parenting and corporate-level strategies. This view agrees with the studies of Fubara (1982), Ramanadham (1986), Bourgeois and Eisenhardt (1988); Siggelkow and Rivkin (2005) and Burton *et al.* (2004, 2006). This is so because the NNPC is a government corporation set up to carry out government's objectives in the oil and gas industry. The NNPC was seen partly as carrying out government's social responsibility function; so it had not been set free to operate like a truly deregulated and commercialized entity. The corporate centre was inhibited to truly drive value creation and parenting advantage because it had not the enabling political environment. The instability in the polity transcended to the corporate leadership of the NNPC, thus creating policy somersault each time there was a leadership change.

Therefore it seemed that the NNPC could not run when the government wanted it to walk. Government's influence impacts on every role and ideal of the NNPC's corporate centre. For instance, NNPC could not restructure without government's approval, its portfolio management was influenced by the government as well as the way it shared activities and deployed top management. The chief executive was incapacitated to run the corporate centre unfettered. His management and leadership styles were teleguided. Perhaps, the situation can change with the pressure being

mounted on government by the OECD and CACG and the in-house strategies that might possibly be designed to deal with the government's interference.

Currently, the NNPC had not been capitalized so, as explained earlier, it must go to the government for funds to carry out its projects and activities. Under these circumstances, even where the NNPC's management had all the knowledge and wisdom of corporate parenting and corporate-level strategy, it was not possible that it could effectuate them. However, with the appreciable level of compliance with world-class corporate parenting ideals identified by this study, and the continued use of world-class consultants, it cannot be said that the corporation was bereft of the knowledge of corporate parenting and corporate-level strategy.
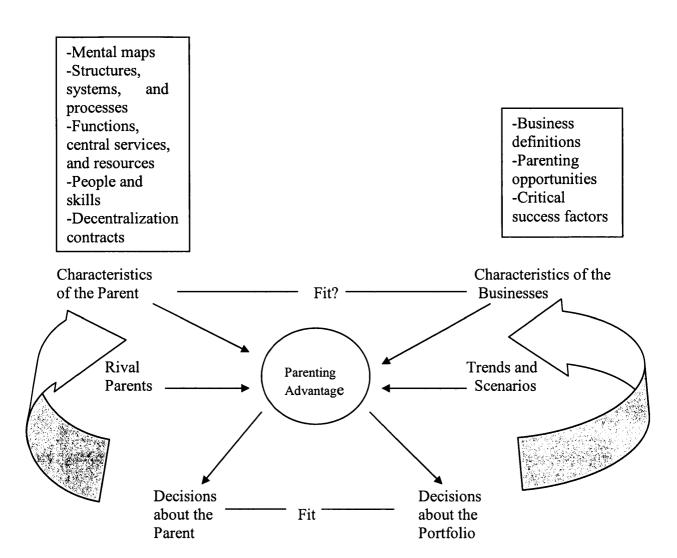
7.7 LACK OF INFORMATION ON CORPORATE PARENTING PRACTICES

This study identified 69 themes on corporate parenting practices on which respondents were unaware or had no information. The studies of Hambrick (1982), Ullman (1985), Haskett *et al.* (1990) and Nohria (1992) did not point out the fact that in some certain contexts, staff might not be capable of pointing out what themes existed in their corporations. In the particular case of the NNPC, the indication that they did not know, explains how value can be destroyed for lack of knowledge. It further indicated how staff were passive and did not regard themselves as part owners of the corporation. Naturally, staff should be interested in what goes on in their corporation. The lack of information further suggested that the corporation was not a learning organization otherwise staff would have been aware of the concept of corporate parenting. Information dissemination on value creating and destroying

variables appears to be acutely necessary and this may help to change the attitude or behaviour of staff towards the operations and activities of the corporation. Some of the themes on which staff had no information were: whether the corporation had centralised marketing function, if the corporate portfolio was focused around related core businesses; if the centre identified and deployed distinctive skills corporate-wide; if the centre crafted research programmes for continuous value addition; whether the corporate centre had a comprehensive portfolio of e-initiatives which renewed existing businesses, new business ventures and responsibilities of the corporate centre; if the NNPC's OSM was empowered to perform; if the corporate parent categorized and analyzed its businesses according to portfolio or growth/share matrix and parenting matrix. These gaps safely establish the need for the deployment and discussion of the subsequent corporate-level strategy framework.

7.8   STUDY'S PERSPECTIVE OF CORPORATE PARENTING THEORY: THE CORPORATE-LEVEL STRATEGY FRAMEWORK

Earlier in Chapters Two and Three an expanded framework on corporate-level strategy from the original framework of Goold *et al.* (1994) was anticipated. The original framework is represented thus:

```
┌─────────────────────┐
│ -Mental maps        │
│ -Structures,        │
│ systems,      and   │
│ processes           │                        ┌──────────────────┐
│ -Functions,         │                        │ -Business        │
│ central services,   │                        │ definitions      │
│ and resources       │                        │ -Parenting       │
│ -People and         │                        │ opportunities    │
│ skills              │                        │ -Critical        │
│ -Decentralization   │                        │ success factors  │
│ contracts           │                        └──────────────────┘
└─────────────────────┘
```

Characteristics   Characteristics of the
of the Parent ——————————— Fit? ——————————— Businesses

Rival   (Parenting   Trends and
Parents ——————————→   Advantage) ←———————— Scenarios

          Decisions   Decisions
          about the ——————— Fit ——— about the
          Parent   Portfolio

Source: Goold, Campbell and Alexander (1994), Corporate-Level Strategy, p. 21

The above framework has two major blocks or themes which are represented by the

characteristics of the parent and the characteristics of the businesses. It explains that

the characteristics of the parent consist of the corporate parent's mental maps,

structures, systems and processes; functions, central services, and resources; people

and skills; and decentralization contracts. The mental maps were described as shared

rules, models, intuitions and experiences of the parent. Parenting structures, systems

and processes are the management levels, human resource systems, planning and

budgeting processes. They were considered as mechanisms the corporate parent uses in creating value. Functions, central services and resources characteristics express themselves in departments, common assets, corporate brand and financial resources. Decentralization contracts are the delegated areas of businesses and their corresponding authority levels.

The other block or theme, characteristics of the parenting businesses comprises the business units opportunities, profit potentials, relationship cordiality, diverse expertise including venture capital skills, also presence of unrealized linkage opportunities existing in the organization. The convergence test is whether there is a fit between the two blocks of characteristics. In other words, whether there is a fit or compatibility between the decisions about the parent and decisions about the portfolio. Where there is a fit, proven through trends and scenarios, against rival parents, then the competing corporate parent has justified its existence and gained parenting advantage. Goold and Campbell (1987) and Goold, Campbell and Alexander (1994) believe that these conditions are necessary for distinctive value creation and parenting advantage, though on their own may not be sufficient conditions, thus leaving room for scholars to contribute further.

Based on the foregoing, the discussions on this study have shown some pertinent themes, namely:

- Seventy three (73) world-class corporate parenting ideals were practised or present at the corporate centre of the NNPC.

- Forty four (44) world-class corporate parenting ideals were not being practised at the corporate centre.

- The SBU/CSU played their roles.

- Ideal corporate parenting practices had bearing on the corporate design of the NNPC through structure, design options, strategy, process, people, technology and political governance.

- Government control over the NNPC had adverse and negative effect on the current corporate parenting and corporate-level strategies.

- Sixty nine (69) themes on which respondents were unaware or lacked information on corporate parenting.
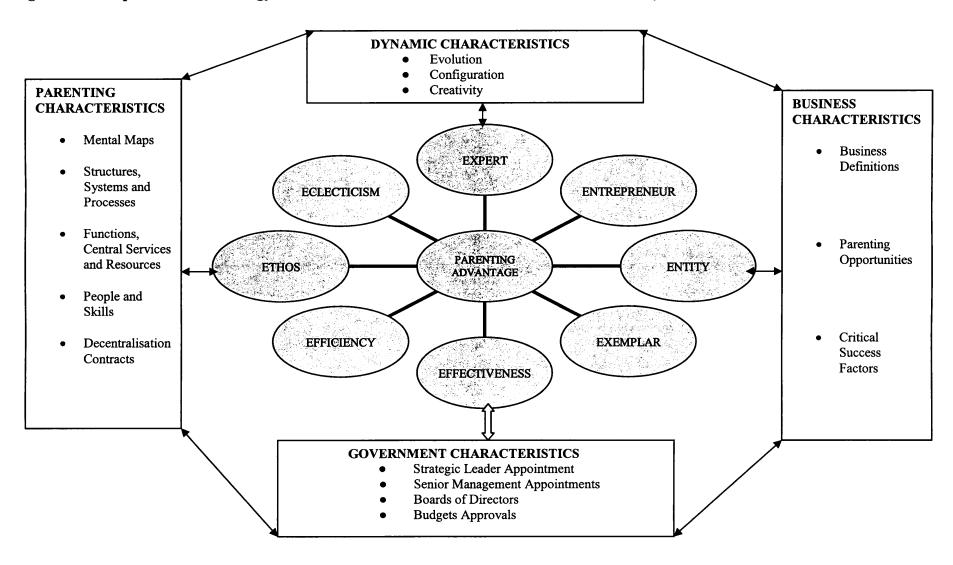
These themes or findings, however, present new insights that can enlarge the existing original framework. Earlier, in the literature review, correlations were also made that support the enlargement of the framework through insights such as:

- Strategy rationales of evolution, configuration and creativity.

- Deployment of the E^8 themes (entity, expert, eclecticism, ethos, exemplar, entrepreneur, effectiveness and efficiency) from the 117 corporate parenting ideals found in the study.

- Closure of the gaps identified from the evolution of the corporate-level strategy, which were: autonomy, integration, dwelling too much on financial tools, synthesis and tunnel view.

- The NNPC and the Nigerian oil and gas industry operating in a placid-clustered environment thus making sustained change and transformation imperative.

- Examination of the context-specific issues on the NNPC and the Nigerian oil and gas industry, amongst many, that require new thinking, which were: size of the corporate centre, parenting levels; CSUs; utilization of production infrastructure; turnaround maintenance; legal framework; information technology and e-initiatives; organization pyramid; cost structures; brand power and strategy group. Others were: centralized marketing, portfolio composition; corporate fees; competitive analysis; value creation rationale and corporate added net value; costs; specialist skills; idea championing; government's overriding influence; learning organization; corporate redesign; research programmes and parental co-ordinating units.

Following from the above issues and themes, the expanded new corporate-level strategy framework on the NNPC and the Nigerian oil and gas industry is now presented as Figure 7.2 subjoined:

Figure 7.2: Corporate-Level Strategy Framework for the NNPC and the Oil and Gas Industry

┌─────────────────────────────────┐
│ **DYNAMIC CHARACTERISTICS**   │
│   ● Evolution   │
│   ● Configuration   │
│   ● Creativity   │
└─────────────────────────────────┘

PARENTING CHARACTERISTICS

● Mental Maps

● Structures, Systems and Processes

● Functions, Central Services and Resources

● People and Skills

● Decentralisation Contracts

ECLECTICISM   EXPERT   ENTREPRENEUR

ETHOS   PARENTING ADVANTAGE   ENTITY

EFFICIENCY   EFFECTIVENESS   EXEMPLAR

BUSINESS CHARACTERISTICS

● Business Definitions

● Parenting Opportunities

● Critical Success Factors

┌─────────────────────────────────┐
│ **GOVERNMENT CHARACTERISTICS** │
│   ● Strategic Leader Appointment│
│   ● Senior Management Appointments│
│   ● Boards of Directors   │
│   ● Budgets Approvals   │
└─────────────────────────────────┘

Source: Researcher's Own Framework

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The above framework comprises of four blocks and 8 themes, namely: parenting characteristics, business characteristics, dynamic characteristics and government characteristics, as well as the E^8 (entity, expert, eclecticism, ethos, exemplar, entrepreneur, effectiveness and efficiency).

7.8.1   *THE BUILDING BLOCKS OF THE CORPORATE-LEVEL STRATEGY FRAMEWORK FOR THE NNPC AND THE OIL AND GAS INDUSTRY*

PARENTING CHARACTERISTICS

The NNPC and the Nigerian oil and gas industry contexts appear to accept the characteristics as stipulated in the original framework. This is attested to by the fact that considerable world-class ideals were found in the corporate centre of the NNPC. Mental maps, structures, systems and processes; functions, central services and resources; people and skills and decentralization contracts appear to be embodied in the NNPC's context. Suggesting these characteristics in a framework can draw attention of corporate management of the NNPC to issue-based decisions and provide a basis for benchmarking.

BUSINESS CHARACTERISTICS

The characteristics of business definitions, parenting opportunities and critical success factors are very germane to the NNPC's transformation efforts. As was shown in the features and historical perspectives of the NNPC, there were some edge-of-the-heartland businesses that require crisp definition in the portfolio. Their critical success factors and value chains require being readdressed for better value creation and parenting advantage. For instance, one of the interviewee observed a business opportunity in the area of liquefied petroleum gas (LPG). The interviewee claimed

also that the corporation was resource-rich. As a leader in the industry, the NNPC can create a lot of business opportunities for itself. The framework is therefore relevant to the NNPC.

DYNAMIC CHARACTERISTICS

This new block of characteristics comprising of evolution, configuration and creativity is proposed to be added to the original framework and is intended to close some of the gaps identified in the literature. For example: autonomy, integration, dwelling too much on financial tools, synthesis and tunnel view.
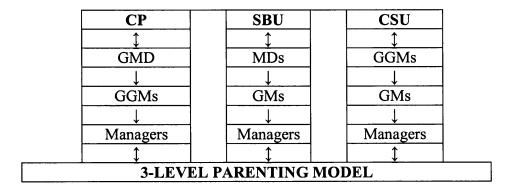
The Theme of Evolution

The NNPC is intending to change its integration organization form to the 'holding' organization form. In the holding organization form, the business units are expected to be autonomous. With the expanded framework, it may become easy to conceive the place of autonomy in the evolution theme. As the business of the NNPC grows, there can be need to create more units and leave them to be independent. As the businesses evolve, new knowledge and insight can avail themselves. Evolution supports the going concern concept of organizational development. The dynamic characteristics provide cognition for integration and synthesis. The characteristics also provide knowledge and insight to broaden the tunnel view regarding management styles of government corporations. Evolution theme broadens corporate management's view concerning need for change, transformation and business diversification. Corporate managements can become more sensitive to their environments.

The Theme of Configuration

The theme of configuration provides the insight for organizational design. The study identified that corporate parenting practices had bearing on the corporate design of the NNPC through structure, design options, strategy, process, people, technology and political governance. Organizational design makes it possible for businesses and man-centred functions to be appropriately defined. The theme suggests the need for restructuring from time to time and also the designing of organizations in such a way that strategies of the businesses are executed in tandem with corporate objectives. For example, with the theme of configuration, a three-level parenting model is suggested for the NNPC. The study had already identified that there were too many parenting levels or management levels in the NNPC which slowed down strategic decisions. A three-level parenting model is consequently proposed below.

Fig 7.3: Three-Level Parenting Model for the NNPC and the Oil and Gas Industry:

CP		SBU		CSU
↕		↕		↕
GMD		MDs		GGMs
↓		↓		↓
GGMs		GMs		GMs
↓		↓		↓
Managers		Managers		Managers
↕		↕		↕
3-LEVEL PARENTING MODEL				

Source: Researcher's proposed Model

The model depicts that the corporate centre must have some superior knowledge and stock of assets which the business units do not. Configuration therefore may require that the corporate centre be of high calibre and deploy the 3-level parenting level

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structure; as well as do same in the SBUs/CSUs. This is configured to cut cost, lead to better parenting value creation and advantage as well as improve business response time.

The Theme of Creativity

The theme of creativity is intended to position the NNPC and the Nigerian oil and gas industry for knowledge creation and innovation. Organization learning has now become an issue, and to survive in the new economy, the NNPC and the Nigerian oil and gas industry need to be proactive. Because the NNPC is government-protected, it has remained reactive for too long. A world-class competitive business cannot survive by being reactive in the 21st century. The placid-clustered turbulent environment in which the NNPC operates; and the pertinent discussions on this creativity issue support the inclusion of the dynamic characteristics in the corporate-level strategy framework.

GOVERNMENT CHARACTERISTICS

The study identified that government control over the NNPC had adverse and negative effect on the current corporate parenting and corporate-level strategies. The block of government characteristics is intended to address these issues in addition to the political issues affecting the strategic leader contingent to his appointment and other senior management appointments. The incongruence observed in the constitution of the Board of Directors and budgets approvals can be readdressed by devising appropriate strategies to address their effects. It was identified that government interference affects all facets of the NNPC and the Nigerian oil and gas industry. With the incorporation of a block of themes on government characteristics,

awareness can be created and appropriate strategies can be devised. The peculiar state of the oil and gas industry in Nigeria therefore makes it imperative for these characteristics to be incorporated. The government characteristics treat themes like the appointments of the strategic leader, senior management, board of directors and the budget approval process, and corporate capitalization. These are very critical for the NNPC and the Nigerian oil and gas industry as a whole.

THE E^8 THEMES

Amongst others, two objectives of the study were to identify the corporate parenting ideals practised in the corporate centre of the NNPC and those not practised. All the ideals were grouped into eight groups with the intent to create insights for practice improvement. In this sense, the E^8 themes are to provide varied and particular insights appertaining to their individual essence. The four blocks of the expanded framework require further specific supports, so the inclusion of the E^8.

The Entity Theme

As earlier stated, entity depicts critical decisions that the parent has to take about itself and the business units constituting the total organization. Entity can test whether the SBU/CSU played their roles. It can test whether an organization is owned and controlled by the government or determine the ownership structure. The entity theme can support and test the parenting characteristics of structures, systems and processes; functions, central services and resources, and decentralization contracts of the original framework of Goold, Campbell and Alexander (1994). It can also encourage stability in leadership.

The Expert Theme

The expert theme describes the special skills, competences and knowledge possessed by the corporate parent. By design, the NNPC is expected to be an expert in the industry. The 21st century has been reported to be the era of knowledge and creativity. Business operations can create value when operators have full grips and understanding of such operations. The headquarters of multi-business organizations are expected to be run by experts who can have some influence through their distinctive knowledge over the business units. It is this trait that tests whether corporate centres justify their existence. Having an expert theme in the framework brings out the trait more vividly and expressly. This supports and tests the people and skills theme of the parenting characteristics of the original framework.

The Eclecticism Theme

The eclecticism theme describes corporate management's ability to select unique ideas appropriate for the organizations. The theme shows that contexts are different and as such should be put into consideration when making strategic decisions. The NNPC can borrow workable corporate ideals from the acknowledged world-class ideals pool for adoption. They may adapt others that can work with regard to their special circumstances. The portfolio concept is made more vivid, including the deployment of the Office for Strategy Management. The theme of eclecticism anticipates an emerging concept of 'organizational diversity' and supports the business definitions theme of the business characteristics of the original framework.

The Ethos Theme

The ethos theme describes the beliefs, shared values, transparency requirements, customs or cultures that differentiate one organization from the other. The ethos defines the corporate brand and delineates some of the typical activities and functions the corporate centre must perform. For example, centralised marketing, charging of fees for services rendered to the SBUs, justification of the number of staff at the corporate centre, and positioning of the corporation as a learning organization, including encouragement of the NNPC business units to compete amongst themselves. The ethos theme can also remind the corporate parent of the NNPC to incorporate the world-class ideals that were not practised and create awareness of corporate parenting value creating and value destroying themes in the corporation amongst the employees.

The Exemplar Theme

The exemplar theme expresses the model status of the organization perceived through the mental maps of the leader. This theme supports and tests for organizational parenting advantage over rival parents. For example, the theme can encourage deployment of distinctive skills, strategic architecture, core business and products. It can create awareness of corporate improvement opportunities and encourage individual managers to identify projects or initiatives for championing. This theme also shows what world-class organization, the NNPC should be within the Nigerian oil and gas industry as well as in the international oil and gas community.

The Entrepreneur Theme

This theme demands that ownership and control of organizations be separated and not altogether vested in the government. This theme recognises that in the NNPC, ownership should be excised from control. The power of control should rest in the NNPC. This can enable it take commercial decisions and engage in competitive analysis. It will further enable the NNPC to support and test for the critical success factors postulated in the original framework. The entrepreneur theme, amongst others, can cause the NNPC to engage in business acquisitions and divestments, handle investor relations, categorize and analyse its businesses according to portfolio or growth/share matrix expressed in stars, cash cows, question marks and dogs; also expressed in parenting matrix of heartland, ballast, alien and value trap, including the Group Managing Director being aware of everything that is going on in the corporation. Entrepreneur theme can foster ownership spirit, which is very significant for world-class organizations. It is the entrepreneur that can provide the thinking and expansive mindset required by the corporation, because he/she is not expected to be influenced and consequently incapacitated by the government.

The Effectiveness Theme

The theme describes the result-oriented nature of corporate organizations. The desire for effectiveness can encourage the NNPC to continue the deployment of external specialist help; encourage related or heartland businesses; strive that business units have critical success factors that give the business competitive advantages, ensure that business units are responsible for their individual competitive business strategies and that strategies are properly selected to reduce ineffectiveness. The effectiveness theme, in a way, supports and tests the parenting opportunities theme of the original

framework. It also supports the parenting characteristics block of the original framework.

The Efficiency Theme

The efficiency theme denotes that all organizational actions are cost-sensitive. As stated earlier, the concepts of economy and value gap analysis are necessary in corporate organizations for the corporate parent to justify its existence. These can test whether the headquarters is justifying its existence or needs to do more to sustain itself. This engenders self assessment and devising of tools to measure performance. The efficiency theme can test, among others, whether the NNPC is sourcing fund in the right places for capitalization, is outsourcing services in the right quantum and is minimizing operating costs. Also, it can test whether the NNPC ensures that its business units are crafted after careful analysis of their likely impact on net value creation and if it crafts research programmes for continuous value addition.

The proposed expanded corporate-level strategy framework for the NNPC and the Nigerian oil and gas industry addressed four broad characteristics: parenting, business, dynamic and government and is supported by the E^8 themes (entity, expert, eclecticism, ethos, exemplar, entrepreneur, effectiveness and efficiency) which serve as testing frames to question all proposed parental decisions. More specifically, the E^8 themes and the other four major blocks (parenting characteristics, business characteristics, dynamic characteristics and government characteristics) entail the potentials to test the impact of the decisions that might be made to execute the government's reform mandates to the NNPC. It is hoped that this expanded new

framework can address the concerns identified by this study and ensure better value creation and a step ahead parenting advantage.

In order to make cognition easier, the corporate-level strategy framework for the NNPC and the Nigerian oil and gas industry can further be abridged as subjoined.

Fig. 7.4: Abridged Corporate-Level Strategy Framework for the NNPC and the Oil and Gas Industry

CORPORATE-LEVEL STRATEGY FRAMEWORK	=	DYNAMIC CHARACTERISTICS + PARENTING CHARACTERISTICS + BUSINESS CHARACTERISTICS + GOVERNMENT CHARACTERTISTICS	S + T	BY E^8

Source: Researcher's own Framework

The abridged framework displayed above is simply stating that corporate-level strategy framework is made up of dynamic characteristics plus parenting characteristics plus business characteristics plus government characteristics supported and tested by the E^8.

7.9   CONCLUSION

This Chapter discussed the main findings of the study and showed pertinent issues requiring highlighting on which recommendations are developed. There was an acceptance of the suggestion that there had been relatively high level of corporate

parenting ideals being practised at the corporate centre of the NNPC in relation to the empirical findings. However, the acceptance brought certain issues to limelight and questioned their effective utilization. The discussions confirmed the argument that the corporate centre of the NNPC did not justify its existence. It showed also that the NNPC reported on production capacity maximization but the production facilities were not being effectively utilized. Further, the study suggested that production plants which do not undergo scheduled turn around maintenance would malfunction and underperform and add to operational cost. The findings suggested that the legal framework setting up the NNPC was a bane inhibiting the corporation's growth, profitability, efficiency and effectiveness and thus limited the scope of the legal division. Also there was a suggestion that the information technology and e-initiatives should enhance the flattening of the NNPC organizational structure, improve control, realign the cost structures and cut down the parental levels. It emerged that the GPAD did not craft incisive corporate brand to boost corporate competitiveness and that the OSM was not empowered to sharpen the strategic focus of the NNPC.

Certain topical ideals that were not found were highlighted, such as centralised marketing at the headquarters, portfolio organization and composition, charging of fees for services rendered by the centre to the SBUs; absence of competitive analysis; use of value creation rationale in staffing corporate centre; calculation of corporate centre's added net value to the corporation; minimization of cost; specialist skills at the centre; ideas champions; job description for Strategy Group; role of corporate-level strategy and government's influence. On the role of SBUs/CSUs, the discussions flagged the absence of market-place relationship and organizational

learning. On the ideal corporate parenting practices and corporate design, the discussions highlighted the emplacement of new parenting and management levels both at the centre and the SBUs. It indicated the need for further consideration of corporate centre staff size; matrix form of structure; research programmes for continuous value creation; inclusion of internationalization function on the corporate structure; and creation of a unit at the corporate centre for co-ordination purposes. On the impact of government control over the NNPC, the discussions highlighted the roles of the OECD, CACG and suggested in-house pressure strategies as well. The effect of lack of information on corporate parenting practices was also flagged. Further, an e-Agenda model was respecified, an expanded corporate parenting framework for the NNPC and the oil and gas industry was developed as well as a three-level parenting model, which serve also as the researcher's contribution to corporate parenting and corporate-level strategy knowledge.

CHAPTER EIGHT

SUMMARY AND CONCLUSION

8.1   Introduction

In Chapter Seven, the findings were discussed in consonance with the data presented

and analyzed in Chapter Six. In this Chapter, after a brief summary of the main issues

raised by this study, the research objectives are reconsidered and the contribution of

the study to knowledge in theory and practice outlined. Further, the implications and

limitations of the study are discussed before making recommendations and

suggestions for further research.

8.2   Summary

The study on corporate parenting and corporate-level strategy was carried out to

create concepts specific awareness in the consciousness of the corporate leadership

and management of the NNPC with an underlying aim for the corporation to become

a better value creator and parent in the dynamic oil and gas industry. The study

originated in response to the mandates of transformation given by the Federal

Government of Nigeria to the NNPC and also to complement the works of consultants

engaged by the NNPC to review the corporation's strategy, structure, systems and

processes, amongst others.

Corporate parenting focuses on the levels of management in an organization that do

not face the business customers and are not making profit by themselves. Corporate

parenting seeks to establish a fit between the skills and competences of the corporate

centre and the business opportunities of the SBUs in order to place the organization ahead of its rivals. Corporate-level strategy on the other hand seeks to bring together an optimal set of businesses and determines how such businesses should be integrated into the corporate whole.

The study examined some world-class corporate parenting ideals, grouped them into two broad categories: those practised or present and those not practised. It examined the roles of the SBUs/CSUs within the corporate parenting framework; evaluated the effects the ideal corporate parenting practices bore on the corporate design of the NNPC and also the effects government control had on the corporation's current corporate parenting and corporate-level strategies. Further, lack of information or awareness was identified to have impacted on corporate parenting and corporate-level strategy. The foregoing were achieved after a review of the literature on the subject and effective administration of questionnaire to study respondents, complemented by the views expressed by interviewees involved with strategic decision making in the organization. There is need, however, to reconsider the aim and objectives of the study in order to identify what has been achieved before attempting to make organization-specific recommendations.

8.3   Reconsideration of the Research Objectives

The results of this research study suggested that the five research questions posed in Chapter One had findings that were relevant and in tandem with the original research objectives and therefore presented no serious concerns for any change in the study's framework. Each of the five objectives has been met as follows:

8.3.1 Research Objective: One

To identify the world-class corporate parenting ideals which are being practised in the corporate centre of the NNPC.

The data analyzed on 22 questions, as embodied in Appendix V, showed that considerable world-class corporate parenting ideals were adopted or practised in the NNPC. There are 73 world-class variables that were found to be practised or present in the corporate headquarters. However, the extent to which the variables apply in different contexts and cultures appears relative. The centre was shown to be resource rich, indicating that there were opportunities it was best positioned to tap from the SBUs and potential businesses it might want to attract into the corporate portfolio. There was an indication that some staff were knowledge-poor concerning corporate parenting and corporate-level strategy. The findings show that the objective was achieved.

8.3.2 Research Objective: Two

To identify the world-class corporate parenting ideals which are non-existent in the corporate centre's management of the NNPC.

The data analyzed on 25 questions, as embodied in Appendix VI, showed that certain world-class corporate parenting ideals were non-existent in the strategic management of the corporate centre of the NNPC. There were 44 of such variables identified. If these non-existent themes were effectively incorporated in the corporate centre of the NNPC, the corporation could indeed be a value creator and a parent that was capable to perform better than other rival parents, as well as be a successful world-class organization. The non-existent ideals identified were pointer to the finding that the objective of the study was more than met.

8.3.3   Research Objective: Three

To show evidences which suggest that the SBUs/CSUs are playing their roles within the framework of the corporate parent.

The study showed through the findings on 8 (eight) questions analysed, as embodied on Tables 6.34 and 6.35 that the SBUs/CSUs were playing their roles within the corporate parenting framework. The roles were seen through the critical success factors, value chains, value propositions and shared services.   The centre set the products/financial targets for the SBUs.   The SBUs, however, were not allowed to compete amongst themselves.   There were SBUs/CSUs that reported directly to the GMD thereby underscoring their influence exerting nature and quasi-independence. The centre influenced the SBUs/CSUs to play their roles through the mechanisms of control and co-ordination. The SBUs were not profit centres *per se* and were not business responsive.   Also, the CSUs were found to be burdened with unjustifiable operational costs.   For a commercial environment to result, the linkage and synergy essences of the SBUs needed to be redefined in a most business responsive manner. The findings therefore show that the objective was met.

8.3.4   Research Objective: Four

To show the effects which the ideal corporate parenting practices bear on the corporate design of the NNPC

The study showed through the findings on 11 questions analysed, as embodied on Tables 6.36 to 6.42 that ideal corporate parenting practices had bearing on the corporate design of the NNPC. These parenting practices therefore affected the size and structure of the NNPC. Certain design dynamics such as goals, strategy, structure, work processes and technology were found present and impinge on the

corporate design. Because the NNPC was aware of this, it had continued to procure the services of external consultants to improve on its structural processes. There were too many staff at the corporate centre and too many management levels, despite the corporation's information and technology initiative. There was a suggestion to justify the staff strength at the headquarters with a clear value-added rationale. To strengthen control and co-ordination, there was a suggestion to create a new unit of management at the corporate centre to specifically address the issues of synergy of SBUs/CSUs. The NNPC is government-protected and does not face any serious national competition. Following from this, the corporate design appears being inhibited by government's policies and programmes. The findings, however, indicate that the research objective was achieved.

8.3.5 Research Objective: Five

To show the effect of government control over the NNPC's current corporate parenting and corporate-level strategies.

The study showed through the findings on 6 (six) questions, as embodied on Table 6.43, that government control had effect on the NNPC's current parenting and corporate-level strategies. This was indicated through the impact of regulatory life cycle of political environments, monitoring techniques from the corporate centre, basic governance duties, centralised shared services and top level managerial appointments by the government. Government appointed the GMD, top management and members of the NNPC boards. These situations greatly affect value creation. These were some of the reasons why the NNPC could not compete and position itself like its counterparts. However, the good news is that the OECD and CACG are raising awareness for corporate governance to take a commercial and corporate form

and thus eliminate strategic and structural flaws. These findings indicate that the research objective of the study was also met.

8.4. Contribution of the Study to Knowledge

This study arose because of the perceived gaps in the strategic management processes of the NNPC. The findings constitute the representative view of how the corporate centre of the NNPC practised corporate parenting and corporate-level strategy. With the new theoretical insights created, models and framework postulated and the suggestions emerging from the findings, it can be argued that this study has made some contributions to the theory and practice of corporate parenting and corporate-level strategy.

8.4.1 Theoretical Contributions

This study stressed the contexts in which developing countries such as Nigeria practised their pattern of corporate parenting and corporate-level strategy and corroborated how political governance influenced the practices. In the light of these, it can be argued that the study has contributed to theoretical knowledge in 6 (six) ways:

- The NNPC situation was situated vis-à-vis the nine value propositions identified by Goold *et al.* (1986) to show how the NNPC could add value and attain parenting advantage. The propositions were: justifying the parent; parenting advantage; value destruction; lateral synergies; value creation; corporate centres and management processes; diversity; stretch and fit, and business unit definition and corporate structure. A tenth

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proposition added by this study is political governance and corporate parenting. Corporate parenting and corporate-level strategy literature should recognise this political dimension in a stronger form.

- The study expanded the existing corporate-level strategy framework and adapted it for the NNPC and the Nigerian oil and gas industry. This does not mean that it can not be applied internationally. It anticipates that literature on corporate parenting and corporate-level strategy can in due course incorporate the contextual perspectives of the developing countries.

- The study respecified a schema or model on the emergent information technology incorporating an e-Agenda for the development of parenting options and new business models by corporate parents and corporate-level strategists in the oil and gas industry which can also be included in the literature on corporate parenting and corporate-level strategy.

- The study was able to show that the identified structural dynamics cannot be deployed wholesale in the developing countries. For instance, in the developing countries, culture and political governance impact on corporate design, so the corporate parent staff and parental levels are usually larger. Literature, expectedly, can incorporate how corporations are run in the developing countries for some rebalancing to be achieved regarding the development and application of concepts and frameworks.

- The study of corporate parenting and corporate-level strategy in English within the Nigerian oil and gas industry's context is a contribution to knowledge.

- Further research studies on corporate parenting and corporate-level strategy that may emanate from this study, in their own right, can contribute to knowledge as well.

8.4.2 Practical Contributions

This study has been instrumental for the first time to:

- Provide evidence on the world-class ideals for conscious practice by the NNPC. It creates awareness that certain world-class practices are missing in the corporate management of the corporation. For example, the need to institute centralised marketing, be the best in the oil and gas industry; and ensure that the Engineering, and Research and Development Divisions are up to practice. It is hoped that this awareness can produce new knowledge and help in subsequent policy formulation.

- Show that the Strategy Group of the NNPC does not adopt the world-class job description format for Office of Strategy Management. This therefore suggests that the Strategy Group needs to have a clear and defined role based on the OSM format to guide the leadership towards value creating corporate parenting and corporate-level strategy practices.

- Show how impactful political governance has been on corporate parenting in the NNPC and the need to craft strong public and community relations-based strategies and corporate brand to reduce value destruction.

- Show evidence that a CSU (the Retail Division) performed the role of an SBU. It is hoped that the corporate centre may situate the Retail Division along the pattern followed by successful corporate organizations. This can encourage standard world-class practice and create more value at the centre.

- Highlight the business characteristics more vividly, as never been done before, to expose the weaknesses in management practices and the existence of unrealized useful linkages amongst the SBUs and CSUs. Furthermore, this study can sensitize the corporate centre, in a more pragmatic way, on the need to reconsider the critical success factors and the value chains of the businesses in the NNPC. Arising from the foregoing, the NNPC can, in an active manner, deploy the tools of value creation insights, distinctive parenting characteristics and heartland businesses to judge its corporate-level decisions.

8.5   Implications of the Study

This study has covered many corporate management issues and it would not be out of place to argue that the findings can have social, economic, political, technological and organizational implications, since corporate organizations do not run in isolation. The social implication stresses the relational position of the leader. The study brings out

the need for the leader to be an expert in the downstream and upstream sectors of the NNPC businesses. This study can provide him/her the awareness that he/she needs to increase sensitivity for value creation and shun avoidable incompetence that can affect the wider society negatively through ignorance. The society however, can benefit through better leadership, efficient and effective management of the public assets and service delivery. Through better corporate management, the economy rather than being short changed via fuel subsidy, may blossom and provide more opportunities for stakeholders.

This study has shown the political implication of government in corporate affairs as negative. The pressure and persuasion on government to reconsider its grips on the corporation certainly may bring a sigh of relief to public corporate organizations and create unprecedented value, and place such organizations in a-ready-to-go position for effective competition. The study supports the works of OECD and CACG on the need for governments to limit their interference in the corporate management of state-owned organizations in the developing countries. The impact technology has on corporate parenting had been stressed and consistent exploitation of it can encourage value creation in a heightened manner and further innovation for the benefit of the internal and external environments.

Through the knowledge of the prevailing world-class corporate parenting ideals, the NNPC can review its practices and incorporate the non-existent ideals for better corporate management of the organization. The roles of the SBUs/CSUs can be more crisply defined to pave way for enhanced synergy and business responsiveness. The NNPC can benefit from deploying value creation insights and ensuring that the

business characteristics and parenting characteristics are compatible and development driven for continuous parenting advantage. The study has enriched the knowledge pool of corporate parenting and corporate-level strategy and has implications and benefits for academics and corporate strategy practitioners alike.

8.6 Recommendations

This study was inspired by the reform mandate of government to the NNPC. It sought to investigate and evaluate what corporate parenting and corporate-level strategy can contribute to the reform process. However, statistical analyses were indicative that certain value creating corporate parenting ideals were embedded in the corporate centre. Some ideals that were embedded had not been effectively practised. If for anything, the problems created by political governance, pervaded the findings and discussions. To contribute in closing the gaps identified by this study and improve current good practice as well, the following recommendations are proffered:

1. This study has shown that certain corporate parenting ideals were not practised effectively. These were evident in the use of the CSUs to support the parenting function and themes such as reportage on production capacity maximization; corporate design; corporate growth, legal framework; information technology; public relations and strategy office. They require being re-examined and re-streamed to bring them up to world-class standards. Following these, therefore, it is suggested that corporate management should commission a world-class competent management consultancy firm to look into these themes alongside the 73

ideals identified in Appendix V and indicate how they should be corrected, and be implemented effectively.

2. Certain corporate parenting ideals were identified as not being practised at the corporate centre at all. Some of which were: a headquarters that does not perform ahead of its rivals; non-minimization of operating costs; non-crafting of research programmes for continuous value addition; business acquisitions and divestments; the non-use of internal consultants and process manuals to develop capability management; and the non-institution of enterprise-wide entrepreneurial behaviour for dynamic capability advantage. These ideals including the rest in Appendix VI should also be reviewed and situated properly in the context of the NNPC by the consultants that may be engaged. Thereafter, the outcome of the consultants' review should be implemented by corporate management to improve value creation.

3. A theme worthy of isolation from the list of parenting ideals not found in the corporate centre of the NNPC is centralized marketing. With the reform process and the new businesses that may emerge, it is suggested that a centralized marketing unit that can give expertise direction be created at the corporate headquarters to integrate the activities of the local marketing departments of the SBUs. The creation of this unit can assist in providing co-ordinated strategic marketing information for the GMD and the business units. This expectedly can give some potency to competition. The corporate management should approve for this central marketing unit

to be webbed into the organizational structure of the corporation. A General Manager should be in charge of this unit.

4. A theme worthy of isolation also from the list of parenting ideals not found in the corporate centre of the NNPC is non-charging of fees for the services the corporate centre renders to the SBUs. World-class successful corporate organizations evaluate the net value corporate centres add to the corporate whole through the synergy created as a result of the intervention of such corporate centres. To enthrone efficiency and effectiveness in the corporate culture of the NNPC, the fee issue needs a serious consideration. The corporate centre should earn what it has worked for. Monkey should not be working for baboon to eat. This is one of the bases for value creation and parenting advantage. This may ensure that the required number and quality of staff, and parenting levels are emplaced at the centre. Considering the NNPC's social responsibility factor, a three-level corporate staffing scenarios can be adopted: maximum, optimum and minimum levels. It could start with the maximum number established through value creation rationale, then the management retrains and re-skills the excess staff from this maximum number and gradually and progressively redeploy them out of the corporate centre to the SBUs, for further human resource strengthening. This should be done until the minimum level is achieved. This can leave the corporate centre with highly qualified staff that may be seen as internal consultants in their own right and further make the corporation a more learning organization.

5. The study showed that ideal corporate parenting practices had bearing on the corporate design. There were too many over bloated CSUs belabouring the centre and adding to costs. This is capable of affecting responsible decision making. This study suggests therefore the tearing down of the CSUs and certain business units, including the peripatetic offices under the GMD with an aim to creating a new unit to co-ordinate all the activity reports on the SBUs/CSUs for briefing of the GMD. This may shield the GMD from a lot of extraneous administrative workload and allow him to focus on strategic thinking. This also can encourage a matrix structure which appears right for NNPC's critical mass and the international direction it intends to go. Further, the trimming of the structure could encourage smaller span of control for quick decision making and allow for market place relationship amongst the SBUs. Corporate management should set up a committee to work on the organization restructuring, possibly involving seasoned management consultants.

6. The study showed that there was a lack of corporate parenting awareness. A total of 69 themes indicated that staff had no information on such. This suggests further that there is a lack of knowledge on general management and such destroys values to a large extent. Some staff manifested lower commitment and showed no ownership spirit. Again, this proves that the corporation is not a learning organization. If employees were educated on what is at stake and why they needed to be committed and productivity-inclined, value destruction tendencies may be reduced. Therefore,

knowledge and information dissemination on value creating and destroying themes appear to be necessary to change the attitude of staff towards the operations of the corporation. The corporate parent should therefore assign the Strategy Group the responsibility of engaging staff through retreats, seminars and workshops on general management principles that create and destroy value. Also, the corporate parent managers and planners can be encouraged to participate in executive education and development courses organized by world-acclaimed Ashridge Strategic Management Centre, London. The directors of this Centre are consistently carrying out cutting edge consulting and researching in issues concerned with the management of multi-business corporations. The Centre is sponsored by several leading UK companies, the Strategic Planning Society and the Bank of England. Further, management could authorise the GPAD to publish in the NNPC's Newsletters, write-ups from the SG on new insights revealed on value creators and destroyers. Staff should be encouraged to e-mail to the SG unwholesome practices they observe that are capable of destroying corporate value.

7.   This study is about strategy and it may not be out of place to give the SG some prominence, therefore. The study suggested that the SG was not the chief-of-staff of the GMD, co-ordinator of defined array of tasks; communicator of corporate strategy; translator of enterprise-level plans into individual SBU/CSU plans and executor of strategic initiatives in order to deliver on the corporate grand design. Further tasks not

performed by the SG were: aligning employees' plans for competency development with strategic objectives; testing and adapting corporate strategy to stay abreast of competition; handling investor relations and encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage. These are indicative that corporate management requires positioning the SG to function on a world-class basis in order to contribute towards value creation and parenting advantage. This can also in a way reduce the overlaps of roles amongst the CSUs, and ensure that the corporation works within its strategic vision and objectives.

8.   A fundamental finding of this study was on the impact of government control over the NNPC. The corporation was seen partly as carrying out government's social responsibility, as such, value creation and parenting advantage were no priorities. Leadership instability and resulting policy somersaults impact on the commercial essence of the corporation. Government interference influences the organization structure, senior appointments and corporate-level strategy of the corporation. The effect had even cascaded down to the SBUs. The GMD was not spared. His management and leadership styles were affected. Government had kept the NNPC under its continued control through non-capitalization of the corporation. The expected outcome from all this, is value destruction. However, there is hope now that the government itself has mandated the corporation to transform. With the subtle pressure being mounted by the OECD and CACG, it is expected that the interference will be minimized. Nevertheless, it is suggested that the corporate management should assign

the GPAD the task to research on a corresponding level, ways and means of minimizing government's negative influence on the corporation.

8.7   Limitations of the Study

The study was affected by some factors which limited the scope, content and process of the thesis. These were:

1.   The study did not compare corporate parenting and corporate-level strategy as practised in other oil and gas organizations either within or outside the shores of Nigeria because of time and fund constraints. More so, there were considerable cultural differences amongst the oil producing countries which tended to make *pari passu* benchmarking impracticable.

2.   Partly due to time constraint, it was not possible to interview more staff to make the study more qualitative, especially the GEDs, GGMs and GMs. This therefore engendered some methodological triangulation. As a result of the tight work schedule of the GGMs involved with strategy, several appointments for the interview were not kept. However, the interviews were eventually granted but there were some intermittent stoppages due to visits by subordinates of the interviewees.

3.   The questionnaire of 15 pages with 64 questions of 196 themes was really lengthy and time consuming. The response rate would have been better if the questionnaire had been shorter. Although it was thoroughly tested and reviewed, several questions would have been condensed and some over

ambitious and redundant themes left out. This would have, however, helped the respondents greatly. Further, the nature of the questionnaire posed some analysis problems. So much time was spent in entering the data into the SPSS and in constructing the statistical tables. If the questions had been shorter, the presentation and analysis design would have been better.

4. The analysis of the field work data resulted in identifying some themes: value creation awareness, value measurement rationales; information technology, public relations; corporate centre services pricing; portfolio management in the oil and gas sector; corporate design and political governance. These themes have the potential of being studied in greater depth.

8.8   Proposals for future Research

This study covered a number of issues: corporate parenting, corporate-level strategy, strategic business units, corporate services units, leadership; technology; politics and organizational design and structure. These themes have opened up a number of other issues that would benefit from further research. Thus, while this Section signals the end of this thesis, it points to the beginning of future studies which would result from this study and hopefully the findings of which should add to knowledge. The emerging themes for the further studies were:

1. The need for broadening the corporate parenting scope. This study found that corporate parenting is about value creation and parenting advantage.

Apart from the two main themes identified, there appears to be a need to broaden the scope to cover other value creators that can be amenable to suit different contexts and cultures, more so, in the dynamic oil, gas and petrochemicals industry. There is so much general underdevelopment in the developing world, so the type of parenting advantage sought for should take cognisance of this contextual archetype. The general body of literature needs to carry the oil and gas industry along. It is therefore proposed that a further study be carried out in this area to contribute to knowledge.

2. The study found that corporate-level strategy is about selecting an optimal set of businesses and determining how it should be integrated into the corporate whole. Unfortunately, the NNPC's case was different. Some of the business selections were teleguided exogenously and this did not result in appropriate heartlands. Therefore there appears to be no clear-cut growth/share matrix and parenting matrix for the corporation. Also, the current portfolio management theories and critical mass theories are too general to be of specific benefit to the oil and gas industry. It is therefore proposed that a further research in this area be carried out to suggest the appropriate heartlands for the integrated oil and gas industry.

3. The study identified that the SBUs had remained under the strong central control of the corporation. With the transformation mandate, the SBUs require to know how best to manage when left autonomous. They require an understanding of the new relationship expected of the holding company

arrangement, their specific roles and value creation rationales. Therefore, a need for a study to help in this area emerges.

4.ₗ The leadership in the corporate centre was found to be characterised by exogenous pressures. Instability in leadership was identified. This affected continuity and created policy somersault. General management skills appear important for leaders. Therefore a study is proposed to look at the effect of the leader's tenure, requisite qualifications and traits for value creation at the corporate centre.

5. The study identified e-Agenda for effective corporate parenting. However, this did not prescribe how to deal with the situation in the oil and gas industry. An oil and gas specific technology that can respond to the dynamic and turbulent nature of the industry is required to be explored. Therefore a study on an oil-and-gas-industry-compliant IT is proposed.

6. In this study, the pervading influence of government over the NNPC's operations was identified. Government's influence destroyed considerable value at the corporate centre, affecting both the GMD and the senior managers, including the boards. Strategies to counter the effects are necessary. Therefore a study is proposed to identify how these negative effects can be ameliorated.

7. The study found how organizational design and structure impacted on corporate parenting practices. In line with the NNPC's peculiar nature,

wherewith the government also influenced the organizational design, a situation-specific design that can take care of the matrix requirement to carry out the transformational mandate appears needful. A study is proposed to identify the design paramaters that can take care of the NNPC's peculiar situation.

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SEMI-STRUCTURED INTERVIEW GUIDE
ON
CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGY
IN INTEGRATED OIL AND GAS INDUSTRY:
(*A CASE STUDY OF THE NIGERIAN NATIONAL PETROLEUM CORPORATION*)

INTERVIEWER: MR ISOKARI FRANCIS OLOLO

DATE AND TIME OF INTERVIEW	
NAME OF INTERVIEWEE	
DESIGNATION OF INTERVIEWEE	
PHONE NUMBER	

PRETESTED INTERVIEW GUIDE

P R E A M B L E:

This semi-structured interview questionnaire has been formulated to explore how corporate parenting and corporate-level strategy are practised in the Nigerian National Petroleum Corporation.

Corporate parenting is an emerging concept which seeks an alignment between the competencies, skills and resources of the corporate centre (headquarters) and the strategic business units (SBUs) to optimise overall corporate performance. Its main thrusts are value addition and achievement of a step-ahead performance in class. Corporate parent embodies all levels of management at the corporate centre that do not directly get involved with physical business operations but are costs incurring. Corporate-level strategy on the other hand is concerned with the organization's overall purpose, level of operations and expectations of the stakeholders.

The questions are based on:

(a)   World-class corporate parenting ideals that are practised or not practised in the corporation

(b)   Existing evidences or their absence that the strategic business units/corporate services units recognise their roles in the corporate parenting relationships

(c)   Corporation's design as reflected through the ideal design parameters and

(d)   Effects government's control impact on the corporate parenting practices at the corporate centre.

The interviewee is invited to please expatiate without let or hindrance on areas of helpful hints, irrespective of the suggested prompts.

1.   CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGY IDEALS

1.1   What world-class corporate parenting ideals are you aware of?

(Prompt: Activity sharing, portfolio managing, restructuring, fund providing and managing, centralised marketing function at the corporate centre, etc).

1.2   Which of the corporate parenting ideals are practised in the Nigerian National Petroleum Corporation?

(Prompt: Activity sharing, portfolio managing, restructuring, fund providing and managing, centralised marketing function at the corporate centre, etc.)

1.3　　Which of the characteristics of parenting theory are you aware of that are consciously being practised at the corporate centre?

(Prompt: A headquarters that justifies its existence, a headquarters that performs a step ahead of other rival headquarters, a headquarters that creates value; discernible lateral and vertical linkages that create more effectiveness; properly selected strategies that reduce inefficiency and ineffectiveness; centralised superior performing management; properly selected portfolio of related and unrelated businesses; capacity maximisation of subsidiaries and exploitation of central skills; business unit definition and corporate structuring/restructuring, etc.)

1.4　　What world-class corporate-level strategy ideals are you aware of?

(Prompt: Opportunities identification, identification and deployment of distinctive skills; harnessing and deployment of resources; focusing of corporate portfolio around heartland businesses; cost minimisation; framework development for value addition; institutionalised exploratory research programme for continuous value addition; appropriate business unit definition and corporate structuring and service outsourcing, etc.)

1.5　　Which of the world-class corporate-level strategy ideals as listed in 1.4 are practised in the Nigerian National Petroleum Corporation?

1.6　　What growth strategy does the NNPC adopt?

(Prompt: Organic growth, acquisition and mergers; management buyouts; joint venture arrangements, etc.)

1.7　　What do you think can be done to arouse the awareness of the NNPC's corporate management and staff on the utilities of parenting theory?

(Prompt: Organize retreats, seminars, workshops, incorporate corporate parenting concepts in chief officers' management development programme, adopt other awareness media, etc.)

2.　CORPORATE CENTRE AND SBU/CSU ROLE MANAGEMENT

2.1　　What mechanisms exist to suggest that the corporate parent/centre has control over the SBUs?

(Prompt : Strategic plans, budgets, corporate procedure and policy guides, cross-SBU committees, corporate and SBU-level boards, skills transfer, centralised training, centralised recruitment, centralised retrenchment, cross-SBU task forces etc.)

2.2　　What is the evidence to indicate that the SBUs/CSUs understand their roles in the corporate parenting relationships?　Or in a multi-level company how can the corporate headquarters, the business units and the divisions work together more effectively, to ensure that every level delivers complementary added value rather than redundant overhead?

(Prompt: Adherence to policies, submission of strategic plans and budgets to corporate centre for consolidation; attendance at meetings at the corporate centre, setting up of joint task forces, inter-SBU transactions; participation at committee meetings, joint recruitment interviews, centralised release of staff for deployment to critical areas, etc.)

2.3   What do you think are the roles of the subsidiaries?

(Prompt: Service provision, products manufacture, commerce engagements, implementers of corporate strategic plans; performers of government's directives, complementers of the corporate centre, etc.)

3.   **CORPORATE DESIGN**

3.1   What organizational design parameters can you find embedded in the NNPC corporate design?

(Prompt: Goals, leadership, strategy, structure, work processes, work people, co-ordination, control and incentive mechanisms, etc.)

3.2   Which organizational design parameters do you identify are very critical to the success of corporate parenting in NNPC?

(Prompt: Goals, leadership, strategy, structure, work processes, work people, co-ordination, control and incentive mechanisms, etc.)

3.3   Which of the underlisted dynamics is most prevalent due to the structure of the corporation?

(Prompt: Efficiency, effectiveness or both)

4.   **GOVERNMENT'S INFLUENCE**

4.1   What influences do you think Government ownership and control of the corporation have on the corporate parenting practices of the corporation?

(Prompt: Growth, retardation, stagnancy, underutilisation of resources, optimum utilisation of resources, nepotism, compromised deregulation and commercialisation, etc.)

4.2   What do you think Government can do to improve corporate parenting practices in the Nigerian National Petroleum Corporation?

(Prompt: Be fully aware of the concept of corporate parenting, appoint the right calibre of leadership, free the corporation to run as a fully deregulated and commercialised enterprise without interference, set realistic targets for the corporation and monitor the attainment of the targets, encourage relevant knowledge acquisition, encourage bench marking and process learning of successful international oil and gas companies, etc.)

UNIVERSITY
ABERTAY DUNDEE

4th December, 2007

Dear Sir,

QUESTIONNAIRE COMPLETION REQUEST

I am currently conducting research in *"Corporate Parenting and Corporate-Level Strategy in integrated Oil and Gas Industry".* Adopting a case study approach, I am conducting this research at the Nigerian National Petroleum Corporation (NNPC) for the degree of PhD.

The aim of this research is to create awareness in NNPC and the oil and gas industry of the contemporary corporate parenting practices and corporate-level strategy. The study also seeks to identify gaps between the ideals and actual practice in the NNPC and suggest ways of closing the gaps.

Corporate parenting is an emerging concept which seeks an alignment between the competencies, skills and resources of the corporate centre (headquarters) and the strategic business units (SBUs) to optimise overall corporate performance. Its main thrusts are value addition and achieving a step ahead in class performance. Corporate parent embodies all levels of management at the corporate centre that do not directly get involved with physical business operations but are costs incurring. Corporate-level strategy on the other hand is concerned with the organization's overall purpose, level of operations and expectations of the stakeholders.

Attached is a survey questionnaire designed to obtain information in connection with the research. I would be very grateful if you could complete this questionnaire. It is designed to take approximately 20 minutes of your time.

I value your contribution to my research and assure you of confidentiality. All information provided will be used as statistical data for the purpose of this research only. It is hoped that on the basis of the honest opinion expressed by you and the findings generated, a conscious effort will be made by the NNPC Management to embrace cutting edge corporate parenting practices and corporate-level strategy for the benefit of all stakeholders. The findings of the study will be made available in the Library Section of Group Learning Department of the NNPC in case you may wish to obtain them.

My contact who distributed the questionnaire to you will also call to retrieve the completed copy on or before 15th January, 2008. For further information, I can be reached on phone number 080 331 54 202 or email: *francis_iso@yahoo.com*.

Thank you for your kind co-operation.

Yours faithfully,

Isokari Francis OLOLO

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Corporate Parenting and Corporate-Level Strategy

Survey Questionnaire, 2007

Please circle the score that most accurately represents your opinion or attitude towards the issues under investigation.

Section A

1.   Corporate Parenting practices are being adopted in the corporate centre of the Nigerian National Petroleum Corporation.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

2.   The following Corporate Parenting ideals are practised at the corporate centre of the NNPC:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Activities sharing to SBUs/CSUs	5	4	3	2	1
(b) Portfolio management	5	4	3	2	1
(c) Strategy making	5	4	3	2	1
(d) Organization design/redesign	5	4	3	2	1
(e) Funds management	5	4	3	2	1
(f) Centralised marketing function	5	4	3	2	1
(g) Skills transfer from the centre	5	4	3	2	1
(h) Integrated control and coordination	5	4	3	2	1
(i) Global business interconnecting	5	4	3	2	1
(j) Operating within legal framework	5	4	3	2	1
(k) Strategy making	5	4	3	2	1

3. Corporate parenting propositions as underlisted are visible from the management style at the corporate centre:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) A headquarters that justifies its existence	5	4	3	2	1
(b) A headquarters that performs a step ahead of other rival headquarters	5	4	3	2	1
(c) A value creating headquarters	5	4	3	2	1
(d) Properly selected strategies that reduce inefficiency and ineffectiveness.	5	4	3	2	1
(e) Centralised and distinct management processes	5	4	3	2	1
(f) Capacity maximisation of subsidiaries	5	4	3	2	1
(g) Presence of opportunities the parent is best positioned to tap	5	4	3	2	1
(h) Identification of corporate restructuring opportunities	5	4	3	2	1
(i) Proper selection of subsidiaries to form the corporate portfolio	5	4	3	2	1
(j) Co-ordination of e- initiatives across the portfolio	5	4	3	2	1

4. Corporate-level strategies as itemised below are exploited at the corporate centre:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Identification of business opportunities	5	4	3	2	1
(b) Identification and deployment of distinctive skills corporate-wide	5	4	3	2	1
(c) Harnessing and deployment of Corporate resources	5	4	3	2	1
(d) Focusing of corporate portfolio around related core businesses	5	4	3	2	1
(e) Minimisation of operating costs	5	4	3	2	1
(f) Development of framework for value addition	5	4	3	2	1
(g) Crafted research programmes for continuous value addition	5	4	3	2	1
(h) Appropriate business unit definition and corporate structuring	5	4	3	2	1
(i) Business acquisitions and divestments	5	4	3	2	1
(i) Service outsourcing	5	4	3	2	1

5. The Group Managing Director who is the strategic leader or top corporate parent is kept strategically aware because he is well apprised by the managers who report to him.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

6. The corporate centre charges fees for the services it renders to the subsidiaries.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

7. The corporate centre is aware of everything going on in the strategic business units.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

8. The influence of the corporate centre sometimes causes the SBUs/CSUs to make wrong or poor decisions.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

9. There is a general awareness that the corporate centre positions NNPC as a learning organization.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

10. Staff are aware that there is an overall corporate review framework designed to continuously address synergy, co-ordination, processes and structural issues.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

11. It is a common knowledge that the corporate centre carries out modelling of cross-company activities which distinguish it from other corporate centres in identification of synergy opportunities or neglected potentials.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

12. The corporate centre creates opportunity for individual managers to identify pet projects or initiatives and accordingly champion them.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

13. The corporate centre uses internal consultants and process manuals to develop capability management.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

14. Corporate centre can destroy value creation through:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Excessive bureaucratic planning	5	4	3	2	1
(b) Excessive overheads	5	4	3	2	1
(c) Misguided advice	5	4	3	2	1
(d) Domineering corporate centre staff	5	4	3	2	1

15. The corporate centre has the duty of standardising the following:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Products/services	5	4	3	2	1
(b) Formal procedures	5	4	3	2	1
(c) Accounting systems	5	4	3	2	1
(d) Training and development	5	4	3	2	1
(e) Contracts management	5	4	3	2	1

16. Corporate centre value creation is facilitated through:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Establishment of techniques to assess and measure value added	5	4	3	2	1
(b) Continuous corporate guidance	5	4	3	2	1
(c) Implementation of appropriate performance standards	5	4	3	2	1
(d) Deployment of external specialist Help	5	4	3	2	1
(e) Identifying of corporate improvement opportunities	5	4	3	2	1
(f) Sharing of new product ideas	5	4	3	2	1
(g) Adoption of cutting edge marketing practices	5	4	3	2	1
(h) Deployment of distinctive skills	5	4	3	2	1

(i)	Adoption of distinctive processes or resources	5	4	3	2	1
(j)	Encouraging related or heartland businesses	5	4	3	2	1
(k)	Appointment of key staff to appropriate jobs	5	4	3	2	1
(l)	Use of the internet as an additional Delivery mechanism to reduce costs	5	4	3	2	1

17. The corporate centre is creating more value than costs.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

18. The corporate centre has a comprehensive portfolio of e-initiatives which reviews existing businesses, new business ventures and responsibilities of the corporate centre.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

19. Adopting of e-technologies can improve cost structures of existing products and services and service quality.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

20. The corporate centre uses e-commerce initiative which encourages engagement of people with venture capital backgrounds to add value to the corporation.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

21. The internet initiatives have produced new business and parenting models at the corporate centre.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

22. The corporate centre plays the following parenting roles:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Legal and regulatory tasks of preparing annual reports	5	4	3	2	1
(b) Submitting tax returns	5	4	3	2	1
(c) Observance of health and safety legislations	5	4	3	2	1
(d) Basic governance functions of protecting stakeholders' interests	5	4	3	2	1
(e) Organization designing/redesigning	5	4	3	2	1
(f) Appointment of senior management	5	4	3	2	1
(g) Raising of capital	5	4	3	2	1
(h) Handling of investor relations	5	4	3	2	1
(i) Implementation of basic control and co-ordination processes	5	4	3	2	1
(j) General management functions	5	4	3	2	1
(k) Corporate planning	5	4	3	2	1

23. The corporate centre measures and reports on how much business **net value** it adds to the corporation.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

24. The corporate centre carries out periodic review of **cross-company business initiatives** to establish that SBUs/CSUs are preferring ties with third party organizations.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

25. **Strategy summary statements** which are constructed by the corporate centre include:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Product line	5	4	3	2	1
(b) Services offered or planned	5	4	3	2	1
(c) Markets and channels	5	4	3	2	1
(d) Finance	5	4	3	2	1
(e) Profit objectives	5	4	3	2	1
(f) Capital safety	5	4	3	2	1
(g) Level of return on investment	5	4	3	2	1

26. NNPC's summary statements include major policies of the SBU/CSUs that distinguish it from other competing oil and gas organizations as pertaining to size, form and operating climate.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

27. The NNPC's Office of Strategy Management is empowered to perform.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

28. The NNPC's Office of Strategy Management acts as:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) The GMD's chief of staff	5	4	3	2	1
(b) Co-ordinator of defined array of Tasks	5	4	3	2	1
(c) Communicator of corporate strategy	5	4	3	2	1
(d) Translator of enterprise-level plans into individual SBU/CSU plans	5	4	3	2	1
(e) Executor of strategic initiatives in order to deliver on the corporate grand design	5	4	3	2	1
(f) Office for aligning employees' plans for competency development with strategic objectives	5	4	3	2	1
(g) Office for testing and adapting corporate strategy to stay abreast of competition	5	4	3	2	1
(h) Office for handling investor relations	5	4	3	2	1
(i) Office for encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage.	5	4	3	2	1

29. The NNPC can be understood as an international company because it has:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) A clear mission statement indicating that it intends to go international	5	4	3	2	1
(b) Quantifiable objectives that it intends to operate in two or more continents	5	4	3	2	1
(c) Its headquarters located in the founding country	5	4	3	2	1
(d) Five years consistent report on turnover growth	5	4	3	2	1
(e) Global market share	5	4	3	2	1
(f) Global brands	5	4	3	2	1
(g) Worldwide avenues to source its raw materials	5	4	3	2	1

30. The corporate centre applies the **life cycle management strategy** to ensure appropriate management style in different developmental stages of the organization to assess and review whether the following dimensions are failing or declining:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Leadership	5	4	3	2	1
(b) Competitive strategy	5	4	3	2	1
(c) Financial management	5	4	3	2	1

31. Activities the corporate centre of NNPC out-sources are intended to:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Improve company's focus	5	4	3	2	1
(b) Create access to world-class capabilities	5	4	3	2	1
(c) Accelerate benefits from re-engineering or deregulation	5	4	3	2	1
(d) Share risks	5	4	3	2	1
(e) Free resources for other purposes	5	4	3	2	1
(f) Gain service advantage	5	4	3	2	1
(g) Gain financial advantage	5	4	3	2	1

32. The NNPC adopts the 'fit' and 'core competence' philosophies or tools to determine corporate-level strategy. ('Fit refers to SBUs/CSUs or portfolio that fit well with the available corporate centre skills, and 'core competence' refers to portfolios that are built around skills, abilities, capabilities and knowledge shared across the SBUs/CSUs).

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

33. The corporate parent categorises and analyses its businesses according to **portfolio or growth/share matrix** expressed in:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Stars (high potential in business growth but low in market share).	5	4	3	2	1
(b) Cash cows (low potential in business growth but high in market share)	5	4	3	2	1
(c) Question marks (relatively high in growth but low in market share)	5	4	3	2	1
(d) Dogs (low both in growth and market share)	5	4	3	2	1

34. The NNPC corporate parent categorises and analyzes its businesses according to parenting matrix expressed in:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Heartland (related businesses that the parent can add value to without causing any harm)	5	4	3	2	1
(b) Ballast (businesses that the parent have knowledge about but cannot help much)	5	4	3	2	1
(c) Alien (businesses that are clearly misfits)	5	4	3	2	1
(d) Value trap (businesses that look attractive but are loss-prone)	5	4	3	2	1

Section B

Strategic Business Units and Corporate Services Units

35. The SBUs/CSUs have critical success factors, i.e. distinct activities that can give the businesses competitive advantages.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

36. Redefinition of business units is carried out when deeply rooted hostility and mistrust between senior managers in the different business units become issues.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

37. Business unit redefinition is also carried out where there exists difficulty in allocation of costs and revenues to the business units.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

38. The SBUs/CSUs are responsible for their individual competitive business strategies.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

39. The SBUs/CSUs are allowed to compete amongst themselves or are encouraged to have a 'market-place' relationship.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

40. The SBUs/CSUs derive their products/financial targets from the corporate centre.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

41. The strategic business units of NNPC are better off if independent.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

42. SBUs/CSUs are crafted after careful analysis of their likely impact on net value creation.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

43. The SBUs/CSUs are managed for profit and margin and not volume and market share.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

44. The SBUs/CSUs also operate through joint committees or staff groups to create synergy.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

45. The existence of certain SBUs/CSUs which report directly to the Group Managing Director exerts considerable influence on corporate-level strategy.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

Section C

Corporate Design

46. Structural components of organization design as stated below attract the attention of the corporate parent:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Goals	5	4	3	2	1
(b) Strategy	5	4	3	2	1
(c) Structure	5	4	3	2	1
(d) Work processes	5	4	3	2	1
(e) Work people	5	4	3	2	1
(f) Co-ordination	5	4	3	2	1
(g) Control	5	4	3	2	1
(h) Incentive mechanisms	5	4	3	2	1

47. The corporate centre design defines/promotes:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) The nature of relationship between SBUs/CSUs	5	4	3	2	1
(b) Key processes for collaboration	5	4	3	2	1
(c) Lateral and vertical linkages	5	4	3	2	1
(d) Arbitration in SBUs/CSUs disputes	5	4	3	2	1

48. The corporate parent from time to time monitors how well the organization designs are working.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

49. There is need for new level of management at the corporate centre to address SBU/CSU co-ordination issues.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

50. The levels of parenting or managements at the corporate centre are:

(a) Too many
(b) Adequate
(c) Too few

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

51. The number of staff at the corporate centre is:

(a) Too many
(b) Adequate
(c) Too few

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

52. The number of staff at the corporate centre is justified with clear value-added rationale.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

53. The corporate parent function encourages development of specialist expertise relevant to execute the parenting propositions detailed in Q3 on page 2.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

54. The NNPC's organization structure encourages:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Duplication of functions	5	4	3	2	1
(b) Redundancy of personnel	5	4	3	2	1
(c) Large overhead costs	5	4	3	2	1
(d) Contradictory parenting influences	5	4	3	2	1
(e) A value creating headquarters	5	4	3	2	1
(f) Properly selected strategies that reduce inefficiency and ineffectiveness	5	4	3	2	1
(g) Co-ordinated linkage techniques that increase the efficiencies of SBUs/CSUs and the corporate Parent	5	4	3	2	1
(h) Capacity maximisation of subsidiaries and parenting opportunities	5	4	3	2	1
(i) A well selected portfolio	5	4	3	2	1
(j) Information communication technology initiatives	5	4	3	2	1

55. The corporate or organization design encourages:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Distinctiveness of skills/functions	5	4	3	2	1
(b) Complementarity of business units	5	4	3	2	1
(c) Value creating responsibilities	5	4	3	2	1
(d) Knowledge and competence pool to discharge the corporation's strategy	5	4	3	2	1

56. The following design options are blended in the NNPC organization structure.

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Simple	5	4	3	2	1
(b) Divisional	5	4	3	2	1
(c) Functional	5	4	3	2	1
(d) Matrix	5	4	3	2	1
(e) Network	5	4	3	2	1
(f) Task Force	5	4	3	2	1
(g) Committee	5	4	3	2	1

57. The Board of the NNPC has clearly spelt out:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Functions	5	4	3	2	1
(b) Limits of authority	5	4	3	2	1

58. The information and communication technology encourages flat organization structure in NNPC.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

Section D

Influence of Government over NNPC

59. The NNPC is affected by the impact of regulatory lifecycle of political environments.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

60. The corporate centre devises monitoring techniques to manage the political and social pressures that bear upon it.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

61. Government's control over the NNPC affects the following corporate parenting roles:

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(a) Basic corporate governance duties	5	4	3	2	1
(b) Parent activities that add value to the SBUs/CSUs	5	4	3	2	1
(c) Centralised shared services	5	4	3	2	1

62. Appointment of members of the corporate parent (from General Managers and above) by Government affects negatively the performance of the NNPC.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

63. Government's appointment of the strategic leader influences his style of leadership and management.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

64. Government's ownership and control of the NNPC affect the corporate parenting propositions listed in Question 3 on page 2.

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5	4	3	2	1

Section E

Information on Respondents:

Please circle, tick or fill in your responses.

1. Current position in office:

Supervisor	Deputy Manager	Manager	General Manager	Group General Manager

2. Responsibility covered: ....

3. No. of years on current position: ....

4. No. of years in NNPC's service: ....

5. Age:

30-35	35-40	40-45	45-50	50 and above

6. SBU/Division: ....

7. No. of staff supervised: ....

8. Educational qualification:

HND	B.Sc	MSc/MBA	MPhil	PhD

9. Professional qualification (please specify): ....

Please feel free to make comments that will help the study further in the space provided below:

....

....

....

....

TRANSCRIPT OF INTERVIEW SESSION
(with GGM, Strategy Group, NNPC on 5th January, 2008 by 2.50 p.m)

1.   CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGY IDEALS

1.1   What world-class corporate parenting ideals are you aware of?

I think basically there are several modes in which a corporation seeks to propagate itself over time. But depending on whether that corporation is a multinational or is kind of limited within one particular national jurisdiction, the central role of a corporation is to capture value and effectively mobilise its assets to deliver the value. What that entails is that the corporation must manage its assets. If it is only one asset it manages, it manages just that or if it is different assets, it manages a portfolio of assets. It may choose to have the different subsidiaries self funding or manage it centrally and provide funds for each of the SBUs. It may also choose to have very centralised structure like some multinational corporations where shared services are resident in the central location and they are deployed worldwide. But in particular, marketing sometimes can always be subject to a central location because if you are selling a service you have to sell that service in a particular locale and how you sell it might be different in different countries. So, of course, depending on your product you can have centralised marketing where you have one team. Typical example is how CocaCola operates. Its soft drinks are basically identified with its logo. The form in which you deploy CocaCola is something for the young and for the upwardly mobile or wherever it can be. But if you are in the business of selling alcohol, you probably would not be in certain places. So centralised marketing depends on the product mix. But if the corporation must operate globally it also has to have the ability as they say to "think globally but operate locally". So those are the different parenting forms that a corporation may adopt.

1.2   Which of the corporate parenting ideals are practised in the Nigerian National Petroleum Corporation?

I think the current situation in the NNPC is a centralised over-bureaucratised corporate centre. So the more appropriate model will be that it is a corporate centre that provides funding and seeks to manage the subsidiaries centrally. Now that has significant drawbacks in the sense that whilst the centre provides funding, et cetera, it does not effectively manage its portfolio so it just provides funds and tries to manage its subsidiaries, whereas different model could be where you can provide funds or the subsidiaries are also generating their funds but you can monitor it without necessarily doing the day to day managing of the subsidiaries; but have a proper accountability structure. NNPC does not really manage a portfolio but at least it does manage the subsidiaries. Currently, there are some activities that are shared commonly that in

general do not get the sense that we are very effective in the way we share across the different SBUs and functions. A typical example is the way procurement units are managed at the refineries. Really the procurement unit can be managed centrally where there is a need and not have one located in each of the refineries. Those are some of the issues we are contending with right now.

1.3 Which of the characteristics of parenting theory are you aware of that are consciously being practised at the corporate centre?

Well, I do not know what level of conscious practice of corporate parenting per se, but NNPC is a government entity and for a long time has tended to obtain direction from the Government. Whether there is a proper process by which there is a strategy on deploying resources, managing portfolio in all these categories that you have mentioned is not very very obvious. So the NNPC has been really a government agency that implements government policy. Sometimes that policy can be chaotic, it can be duplicative and for the most part the accountability structure is not there for you to test; and second, the performance of each of the SBUs cannot be assessed. So the NNPC has basically been ineffective in managing even its SBUs. It is over-manned, not with people of the right skills. Inefficiency leads to ineffectiveness and the SBUs have not been very well managed because of the structure itself. The SBUs are not properly capitalised. This means that they have to constantly come to the centre to be funded and because you have a weaker accountability structure, the SBUs will not have to be accountable for resources in which you simply dispense from the centre. There is a structure but whether it lives up to expectation in practical terms is another issue. Essentially NNPC is a Government agency that implements Government's policy as directed. It has never seen itself as a self starting organization which goes out to create value for itself.

1.3.1 Headquarters' Justification:

The structure of the headquarters is rather large. Based on our financial results, it is clear to all that we have a highly bureaucratised system that is resident in the headquarters and it is not profit making so it is doubtful whether one can say convincingly that the headquarters justifies its existence in terms of the stewardship of the assets it is supposed to look after.

1.4 What world-class corporate-level strategy ideals are you aware of?

I think one reason why in the recent past NNPC has gone through some reorganization was exactly to create a position for corporate strategy. In the past, there was none existing. We are now beginning tentative steps of trying to identify the key roles that a company such as NNPC which is a state owned enterprise needs to play other than being a pass through organization that takes, manages revenue for the government and basically have money flow through it to the government treasury. And some of the changes that we are proposing to the Government are that this organization becomes a self funding organization and therefore has to position itself in a strategic sphere, a kind of strategic space. What is the role of a national oil company when you have competitors around you? How would you respond to the key challenges and what are the goals you set for

yourself to achieve in a decade - a national oil company that competes effectively with others? In the past, NNPC has not seen itself in competition. It sees itself as more of a regulator *cum* pass through organization basically providing funding to the national treasury. So the corporate strategy has not been in existence. We recognise the lack of existence. We are now creating site-based functions which are now the corporate strategies that look at the entire value chain and identify what the corporation needs to be in and hopefully we can also measure the level of exposure in the different parts of that value chain that would add the maximum value possible to the business of NNPC because the value proposition has to be there before the corporation can say that we want to expend funds in any business area that we are in.

1.5 Which of the world-class corporate-level strategy ideals as listed in 1.4 are practised in the Nigerian National Petroleum Corporation?

None of the things that we have mentioned! We are in the process of beginning to do business. First we are aware of cost efficiencies. We are trying to create a corporate structure that can justify itself. That is one. We are trying to empower the business unit to understand that the steward assets and accountability structure will support the continued existence; and businesses that do not add value will have to go and if the government assigns NNPC a role in terms of achieving national strategic objective of the State, then the State should fund it adequately. So we are actually in the process of creating a framework to look at things like cost effectiveness to deliver better results and we currently have had a mechanism to retain funding for future investment. So I will say at the moment none of those things are happening other than the structure that we talked about. For example, we have an engineering and technology directorate that really does not engineer and an R&D that really does not research. Many of these are empty shells that do not function well in the various capacities that they are supposed to function.

1.6 What growth strategy does the NNPC adopt?

In the proposed organization, because NNPC simply did not have a growth objective, it implements government policy. This meant that government may decide, for example, we want to be in the alternative energy business and so NNPC has the burden to implement it. So the growth essentially was bureaucratic because it is not really growth in terms of financial returns, *et cetera*. So the growth strategy is now being put together as well as a structure to deliver that. We are thinking of a new business development unit that would build from the grass root businesses that we should be in and deploy. An excellent example is that we have LPG shortages all over the country, but NNPC as an institution has never seen it as a business opportunity. They have seen it as giving licence to people to import LPG opportunity; which is a rein seeking activity rather than saying that I will actually turn that into a business and deploy it. So the change in emphasis is not so much the supply of last resort on behalf of the government, but as a business that will develop to be profitable to the corporation and pay taxes to whoever our shareholders are so in that respect we are looking at (1) how we can grow current businesses that we have and those we should not be in, we will do away with. (2) There are new emerging opportunities behind the new gas strategy that is being adopted, so gas

will have a prominent role in the future and we need to develop businesses out of that gas strategy. So the growth strategy will revolve around the oil and gas which is the core business that we are in. We are deploying a retail network now. Nothing says that we could not do that outside the shores of Nigeria where we do not have price regulations. So those are the areas of growth that the new NNPC is looking at.

1.5.2   Organic growth or mergers and acquisition:

The reason why that is not on the table now is that acquisition *per se* will require the government's attention. We have enough assets now but you need to have a structure that can support acquisition. The current structure of NNPC does not allow you to get into debt, and for any form of acquisition you will have to properly capitalise to do that. However, we are currently in joint venture. So that strategy will remain and for most national oil companies like Petronas has done, that is a means by which you grow your capability and capacity. So joint venture arrangements are what we are in. We have never had operational management buy outs. I will not talk too much about this, as it is in the offing. Potentially there could be situations like that where some of the subsidiaries might be better handled with privatised arrangements. Part of that privatisation process becomes the cost structure of the NNPC which is being imposed on some of the subsidiaries. We are not in one business. We are in different business segments. So the burden on Corporate from some of those businesses is destroying value rather than build value. And therefore some of the businesses might be better off on their own with some minority interest whether it will be in the form of management buyouts or some form of privatisation. That remains to be seen. It is something being considered.

1.7   What do you think can be done to arouse the awareness of the NNPC's corporate management and staff on the utilities of parenting theory?

I think the SBUs themselves think that authority has not been sufficiently devolved to them so there is awareness by those who actually run the SBUs that they do not have the enablement to act decisively. However, they also argue that the accountability structure has not been implemented. So I think first and foremost you need a corporate structure that enforces the accountability structure and by combination both sanction and reward. And that needs to happen more. This will succeed in insulating the corporation from political influence because NNPC is not supposed to be a civil service. Its business is not employment. Its business is to find, produce, process and sell hydrocarbon. That is at the heart of what an oil company does and to do so profitably if I may add. So the way you may want to encourage proper governance is you devolve authority to the SBUs to operate the businesses but you demand accountability from them. So it is critical that happens. In devolving power you must know certain guidelines. You must be able to issue out the guidelines. The role of the corporate is to have a system whereby policies and guidelines are developed and transmitted. You must have an effective means of doing that. There are five value propositions. Five steps in the value proposition equation: The first is the corporate strategy. The second is resource allocation and planning. The third is performance measurement. On the side of that is people and compensation in order to realign reward with work done. Then, the fifth is in terms of communicating those values across the organization. So you create a system whereby

your policies and systems are directly involved and hopefully you communicate those two and then you have a system of both sanction and reward and it must be seen to be operated fairly and equitably.

Regarding performance measurement, what gets measured gets done. If you cannot measure it, there is no way you can have an accountability structure and the operational performance. In fact, some of the work we have done have six success factors when we looked at companies in NNPC's position. The first is vertical integration – catching value across the value chain. The second is commercial focus – self funded commercially focused organization. The third is financial accountability and financial autonomy. The fourth has to do with people and talent. You have to have the means of identifying people with the right talent because people are the organizational strength. The strength has to be in the people that you hired. Money does not go round to build things. People direct money. So you have to have people who know how to direct money to put them to good use. The fifth is technology itself: how to leverage technology, apply that technology and hire competence and develop that operational competence. The last skill set you require as success factor has to do with independent governance that I talked about – an independent professional.

2. CORPORATE CENTRE AND SBU/CSU ROLE MANAGEMENT

2.1 What mechanisms exist to suggest that the corporate parent/centre has control over the SBUs?

The mechanism is funding. The SBUs are either starved or barely funded. They have to come to the centre. I understand that the SBUs in accounting have to come to the centre. The corporate has effective control over the SBUs. So the other level of control is essentially the limit of authority. For many of our businesses, the limit of authority is considerably low compared to what it takes either to do a turnaround in the refineries or to acquire seismic capability in some many areas. The limit of authority is the mechanism in the entire corporation because even the managing directors' limit of authority is not significant for the business they want to do, and they have to rely on presidential approval for any major commitment.

2.1.1 Other ways of managing the SBUs:

The SBUs need to be properly capitalised. The capital structure must be very very clear. And the people managing those assets have responsibility of the assets and know that they have the assets in their books not in the centre; and those SBUs can now raise money and of course the bank can only give you money if there is a reasonable chance that they will get that money back. Basically, they have to look at your cash flow and it all involves financial accountability and being self funding. So that is the first thing: structure. Unfortunately too, the governance structure in many of the subsidiaries had been the introduction of external parties - chairmen and board members. Sometimes that can be a distraction because you may have a subsidiary that wants to take this direction but the boards of the subsidiaries who are appointed by someone else may wish to take the subsidiaries to a different direction. Where the shareholder is the federal government,

it reserves the right to appoint the directors. Therefore there is no independent governance structure and that makes it difficult for the SBUs. The second thing is that we have some centralised recruitment. The recruitment can be a shared service provided by some expert centre. The corporate recruiting for the divisions is really not the way we want to run or posting high level staff to businesses that do not require them. These are some of the things that prove we have distorted governance structure that does not allow the SBUs to make business decision and the corporate to stick to providing guidelines and to sanction and/or reward accordingly as the case may be.

2.2   What is the evidence to indicate that the SBUs/CSUs understand their roles in the corporate parenting relationships? Or in a multi-level company how can the corporate headquarters, the business units and the divisions work together more effectively, to ensure that every level delivers complementary added value rather than redundant overhead?

One: most of the SBUs will tell you that they find it not very convenient to have to come to the headquarters for funds. If I have a fire in the refinery and need to spend money on a production line and it is beyond my ₦5 million limit of authority, I have to wait and write a memo from the EDO to the Managing Director and then to the Board before I can get that fixed. That can be a problem, whereas operating expenses are compounding. Once you get a budgetary approval to spend money on operating expenses, you do not require another process to take that to the board for approval. The budget process would say that this is your operating expense budget for the year. And so if a vehicle breaks down or something breaks down, you are covered and you can spend that money to keep the plant running. The understanding usually with corporate contract with the SBUs will be that operating expenses should not escalate or you need to de-escalate it by this amount or operationally it should reside with the SBUs. So the SBUs understand that. It is the CSUs that basically do not seem to understand in my view, the cost consciousness. They expend as they desire and it becomes an opportunity to create positions, *et cetera*, without accountability. In my six months of being here, I have not seen an operating expense review in the true sense of the word.   Where we are looking at operating expense review, it is usually a session and in all these sessions we look at operating expenses of the different units. I have not seen one operating review yet.

2.2.1   CSUs acting as SBUs:

Well, the ideal model is that CSUs themselves must charge their services to the businesses. Somehow the corporate centre exists to provide service to the different units so the businesses ultimately bear the cost of running the corporate centre. Now if a CSU continues to expand, it means that we are burdening the businesses with excessive overweight of needless service. I had mentioned the fact that the CSUs or corporate centre should not be sent high level staff that the CSUs or the SBUs do not need and should not be hired. You can provide guidelines. The way to address that is a slim corporate centre minimising cost of services provided. But all costs in the corporation have to be distributed somewhere. It is the revenue I am getting from my businesses that counts at the end of the day and not the cost. So you have to have a mechanism where the cost of the corporate structure and the cost of management support of the SBUs are

accounted for properly. The SBUs have a relationship because if I am profitable and I have allocated cost coming from corporate, then my accountability to corporate will be lower because I do not control corporate cost; so corporate needs to contain itself from trying to over expand so that the businesses can function. So it is critical that policies and things such as this come from corporate. The corporate should not itself become a huge burden on the SBUs and those guidelines should be adhered to strictly.

2.2.1 The Case of Retail Division acting as an SBU:

This structure is not ideal. Therefore in the future most of these would have to be reformed. The basic premise is value creation/value proposition. What we are doing now is to say that this is my corporate-level strategy. This is the value I am trying to capture. Now this is my resource allocation plan - that is the next thing. This is how I am going to manage and operate. On the side, I need people and I need to compensate them.

2.3   **What do you think are the roles of the subsidiaries?**

I think the role of the subsidiary is in no way different from that of the corporation. The most significant thing the subsidiary does is creating value, value and value. There must be value proposition for a subsidiary to exist. So it is not different. The subsidiary's roles are linked to that of the corporation as a whole, which essentially is to maximise value across the different value chains that the corporation may be involved in.

3.   **CORPORATE DESIGN**

3.1   **What organizational design parameters can you find embedded in the NNPC corporate design?**

As I said earlier, the initial design of what NNPC was supposed to do was essentially to implement Government policy. So essentially the NNPC never had *per se* a Strategy Group and it is only recently that strategy has become more central to NNPC's activities and it is only recently too that we are beginning to look at growth in a broader long term sense. Because of the nature of the organization being an implementer of government policies, it has never of its own accord generated ideas about growth, *et cetera* other than NNPC being an instrument of extension of Government policy. Therefore, what we are doing now is to design from the ground up - that is design an organization that caters and broadly grows the various subsidiary businesses. It must also build on the internal competitive advantages that are in the corporation.

3.2   **Which organizational design parameters do you identify are very critical to the success of corporate parenting in NNPC?**

Like I said, strategy is at the heart of the corporation. The deficiencies you see actually are in the commercial skill sets and managing the operational capacity building. Those are the key things that are lacking. Everything derives itself from the CEO's value proposition. The value proposition, goals and objectives can only be delivered through

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the strategy. You may wish a particular goal, but it is strategy that will enable you to arrive at that goal and objective. So in general, what we have achieved is that NNPC has good intentions. If the strategy is weak you will never achieve your goals because wishful thinking is not the same as actually working towards the strategy. So strategy should reside at the heart of the NNPC to move its business along the lines of say Petronas and Petrobrass who have done tremendously well in the last two decades.

3.3 Which of the underlisted dynamics is most prevalent due to the structure of the corporation? (Efficiency, effectiveness or both)

We discover that we have an inefficient and over-bloated structure and that lends itself to our ineffectiveness. But I will add to these things that we lack: size. You can be efficient. You can be effective but you can also be small. In order to be able to secure your position in the dynamic industry, size matters and growth strategy is expected. To underpin that, Nigeria is an oil and gas province and we are not resource poor and so NNPC is big enough to have a growth strategy because you need to be able to compete and capture value which you know exists and which you know also your competitors are capturing.

4. GOVERNMENT'S INFLUENCE

4.1 What influences do you think Government ownership and control of the corporation have on the corporate parenting practices of the corporation?

As a matter of fact, the lack of strategy development over the years has been an expression of the degree to which NNPC as an implementer of Government policy has gone. Sometimes NNPC's actions are not well considered or commercial in nature. The deficiency we see has to do with the extraneous influence largely coming from the Government. In future, in building the new organization our focus will be on trying to have an independent professional governance structure to immunise the organization from political influence and in doing so, we are relying on the OECD recommended governance structure for state owned enterprises. OECD means "Organization for Economic Cooperation and Development". Now there is a lot of substantial work that has been done and the key components in terms of independent professional board, independent judgement of the limitation placed on government through the affairs of the national oil corporation which guidelines I will just read a few.

> "OECD recommended structure states that the State is to ensure effective legal and regulatory framework for State owned enterprises and in particular there should be clear separation of functions between the State owned functions and other State functions. Any obligation outside the norms should be legislated or be by regulation. In other words, the head of the State-owned enterprise must have a set of legal framework within which to operate, which gives him the ability to say no to anything that falls outside the norms. The State should ensure that the governance of the State-owned enterprise is carried out in a transparent and accountable manner with a degree of professionalism, independent judgement and

effectiveness by the Board. The State should recognise the rights of all shareholders and ensure equitable treatment and equal access to corporate information. "

This is the requirement for the joint ventures that may be involved in which you have minority shareholders and it is to rebalance the distribution of power and influence in order to be sure that an overbearing State that has legislative power and also sits on the board does not inadvertently or deliberately disempower or interfere with the rights of minority shareholders. It also requires that the Board should have the necessary authority, competences and objectivity to carry out this function and the State should not be involved in the day to day management of these companies.

4.2   What do you think Government can do to improve corporate parenting practices in the Nigerian National Petroleum Corporation?

Like I mentioned before, the first thing is an independent professional board. We have sought to recommend to the Government that this is the required state of things. That the Board that needs to be appointed must be professionally competent and we will also recommend that all non-executive board members must have a clearly defined role either to chair the Finance Committee or Technical Committee and Establishment Committee or represent a particular skill that is required on the Board to provide professional advice. So that is the key. The second thing to talk about is capitalising the subsidiaries. Right now the capital structure of the subsidiaries are essentially empty shells and because of that there is an over-concentration of power at the corporate level and the SBUs are not functioning in a manner that is expected of them. Because there is no ownership by those who run the SBUs, they have to come to the corporate centre. And where there is no ownership, you cannot demand accountability. And the third thing is we are recommending that the Boards of the SBUs are differently composed from those which are currently in existence where the Chairmen of the Boards and the non-executive members are appointed and they could drive the organizations in a direction that is different from the direction that say NNPC would want to drive them. So in essence, we are recommending that the chair of those SBUs where there is a need to have external directors, which are sometimes necessary or where you have a joint venture with other party where shareholders' interests are protected be under the NNPC so that there is greater alignment between the SBUs and the corporation itself. So those are the things that the government should improve upon. They should design a structure that will address all the key weaknesses of the corporation and enable the corporation to go from where it is to the desired state.

The end.

TRANSCRIPT OF INTERVIEW SESSION
(with GGM/STA [Upstream] to the GMD on 24th April 2008 by 11.25 a.m.)

1. CORPORATE PARENTING AND CORPORATE-LEVEL STRATEGY IDEALS

1.1   What world-class corporate parenting ideals are you aware of?

I think the corporate parenting options that I am aware of actually span most of the spectra you have already listed here. In some cases you basically see the parenting strategy limited largely to portfolio optimisation globally and fund dissemination. On the other extreme, you see a very loose level of control. It sort of varies from highly centralised organizations like you see in companies like Exxon Mobil. Here you see an extremely centralised structure. Everything is aggregated at the centre and disseminated for execution at the bottom to a bit of loose arrangement which is becoming less common. The centre then becomes an aggregator of the performance of the autonomous units. I think the latter option I have seen tends to be more in the cases where you have conglomerates where the subsidiaries are into different types of businesses. In which case, the central office basically does just more of aggregation as opposed to direct top down control. So essentially in the kind of businesses we are in where most of our subsidiaries tend to be within the lines of business of a particular industry, the kind of model I see tends to be more centralised in control.

1.2   Which of the corporate parenting ideals are practised in the Nigerian National Petroleum Corporation?

I will say that I am relatively new in the NNPC in terms of understanding what models work exactly here. For what I can see, there is an attempt towards a centralised sort of management where funding is provided centrally and allocated from there. The activities are aggregated to the top and managed: a sort of disseminated backward centrally. So in a way, it looks like a kind of real parenting strategy where there is more power at the centre than at the units but the effectiveness of that structure in NNPC in my view is still questionable because really the basis for optimisation across the portfolio is not very clear. The basis for fund allocation to attain corporate objective is still not very clear. Actually what the corporate objective is in itself is not very clear. So when you bring all of this together, you see a highly centralised parenting approach. It is the weak form of that kind of centralised approach that is being practised in NNPC.

1.3   Which of the characteristics of parenting theory are you aware of that are consciously being practised at the corporate centre?

I think it alludes to my previous answer. If you look at the key things that the corporate centre is supposed to do and what is being done here, we can begin to benchmark. With the kind of centralised approach that we expect to see, I would normally expect that at the centre is a clearly defined corporate objective or target which outlines what the shareholders expectations are supposed to be in terms of growth, revenue and profit growth; in terms of vision, positioning and all sort of things clearly articulated where we know which business we are in and where we want to be within that business and at what time. Now having understood that goal and sold that goal to the shareholders as well as everybody, the corporate centre as part of its parenting role, ought to be the centre where complete competitive analysis should be done. So we physically know where we are relative to competition and where we want to be. There is also a significant understanding of what the financing world is all about and where funds can be raised and challenges attributable to that. It should be clear what combination of portfolio across the subsidiaries will together deliver the objective and what criticalities we will need, human and otherwise that will deliver all of the above. All those will form the core at the centre, and then having understood all that, the mechanism at the centre which is able to take the bottom up input in terms of budget and translate that into top down directive would have been developed. If you come to NNPC and say how are these things done, you will see that in all of those indicators we attempt to do them but we do not do any of them right. For example, for the fact that we do not have a clear shareholder obligation so to say, there is no clear mandate in terms of what the shareholders or stakeholders are expecting in this case, as the case may be. We have for so many years not clearly articulated what our mandate is as a business and that is the fundamental reason why we are failing in our corporate parenting role because we are not able to steward the subsidiaries in the manner that allows that they attain anything.

At the corporate centre we have a Planning Unit but the target and vision of where we are going is not crisp, although there is something that looks like it.

There is absolutely no form of competitive analysis. We basically operate in a vacuum. We are not in any sense aware of what competition is. We do not even know who our competitors are. So again we have no basis to benchmark whether we are going in the right direction or not. Basically we have not done that. We still do not have the capability to do that.

We are beginning to see a little bit of an improvement in the area of financing. With the recent directive by the government that we should go to the market to raise fund, I have seen what looks like a gradual development of a capability and an understanding of the debt market or money market as a whole and trying to see how we can begin to position ourselves for better access to financing and optimally for that matter. And hopefully once that kind of capability is developed I think our ability to raise fund to deliver our objective will be a little bit better than it is currently and then we will be able to

disseminate money appropriately. But when you talk about the capabilities to deliver the objective there is absolutely a complete disconnect between human resource, the operational aspiration of the businesses and the corporate aspiration. I do not see a linkage between (a) how people are recruited and (b) how people are deployed to the goals we are saying. Really if you look at it in all the indicators of the NNPC, I think that many of the corporate parenting theories have not been applied effectively.

1.4   What world-class corporate-level strategy ideals are you aware of?

If you look across the globe, you will see a wide range of issues. For example, if you look at Exxon Mobil, it has consistently maximised shareholder value relative to its competitors for many many years up till now. At ExxonMobil, it is clear at the corporate centre that there are a couple of key ideals, for example, around cost optimisation. ExxonMobil has a couple of corporate philosophies, for example, the design 1-build-5. They have a very very ingrain standard around operating philosophy that continually confers on them competitive advantage. So there is a high level of standardisation. There is a high level of refinement in that standard. Once it is applied, it is deployed globally so there is a standard across the globe that gives them speed and time. There is routine discipline in terms of portfolio management.

I worked with Exxon as a partner. I was in Shell but I worked with them in the North Sea, Aberdeen. Exxon is extremely military in its choice of portfolio. It does not deviate. It has very clear portfolio it wants to deal with and knows how to deal with it. It has a very very sound portfolio strategy at the centre. That is Exxon Mobil. It also has very very sound financial targets and indicators at the top where everything is rolled up to the centre and needs to meet a high level of financial routine. These are some of the ideals that I think have conferred competitive advantage on them. Other sectors also you see pride themselves of the corporate centre that is always thinking of new ideas ahead and creating new things. When you think of companies like Samsung, LG, these companies basically at the centre are the leading edge of new ideas generation, new product designs, etc.; basically, positioning themselves to champion the growth of the company almost forever sustainably. So, these are some of the ideals where you see the company identifying the critical leverages for their survival.

Because it is a system that is based on cost minimisation, the corporate centre basically develops what it takes to be a cost leader and rigorously deploys it and enforces it at the subsidiary level. If it is about growth, if you are in a centre where it is dynamic and you have to keep it, then the corporate centre sets itself up to be the leader in there, and so sets up a mechanism to cascade that to the divisions.

1.5   Which of the world-class corporate-level strategy ideals as listed in 1.4 are practised in the Nigerian National Petroleum Corporation?

None. I actually think that uptill now everything in my mind seems to happen by accident, and so what you do by accident means you are not practising anything.

1.6 What growth strategy does the NNPC adopt?

I think we have essentially uptill now basically growing organically. As far as I know, there has not been any major form of acquisition or anything like that.

1.7 What do you think can be done to arouse the awareness of the NNPC's corporate management and staff on the utilities of parenting theory?

I think basically in NNPC, we need to identify the managers who are responsible for driving corporate parenting. This will apply to most of the top management staff in the corporate headquarters. I think we need a combination of things. First of all, there needs to be workshops, but more importantly there is a need for almost a programme like a mini-MBA not the true MBA which should be very structured and intensive, organized over summer for people to go for like one month with their counterparts from other industries. Here they will be challenged as to what kind of systems they operate. I think, that places a kind of awareness and also as we reorganize the industry, a top down mandate from government in terms of clear cut deliverables as to what the chief executive is accountable for, will be necessary. It is almost like a carrot and stick thing. If the chief executive is not accountable, it does not matter how much awareness you put on the ground, it is going to fizzle out, so we need a system that puts the chief executive under pressure to deliver particular shareholder objectives and then that coupled with the capacity development through all these workshops and all these things you talked about, I think, and if we cascade the pressure down, will make it work. But I do not think that some loose seminars and workshops will do anything because there is no push. We need that fire!

2. CORPORATE CENTRE AND SBU/CSU ROLE MANAGEMENT

2.1 What mechanisms exist to suggest that the corporate parent/centre has control over the SBUs?

Access to fund and staff! These two things are being done at the centre and those are the two instruments of control that corporate centre seems to leverage on the subsidiaries.

2.2 What is the evidence to indicate that the SBUs/CSUs understand their roles in the corporate parenting relationships? Or in a multi-level company how can the corporate headquarters, the business units and the divisions work together more effectively, to ensure that every level delivers complementary added value rather than redundant overhead?

The question in terms of whether the SBUs understand their roles, certainly I do not think that there is any clear cut evidence of that; and it is not clear to me sometimes that the centre even understands its roles in making sure that the subsidiaries survive. In other words, how do you explain that profit centres like the refineries, NPDC understand their

roles of operational response and so on and so forth. But also bottom up, I do not think that we get the compelling case from the subsidiaries as to why anybody should send money to them. So there is always something wrong both ways. So there is an issue there. How to work together more effectively still comes to the issue of vision. If everybody knows where the corporation is going in terms of what our expectation is, say we are expected to grow at the compound rate of X percent, of which this is devolved to this SBU or that SBU. Having a shared vision and known where we are going and how we are going to get there at the plenary level and then getting the people at the bottom to detail out their journey about how we will get there are important. Then taking all their weighty matter into forming the basis for performance mandates to ensure that we work effectively and do not inject high level politics into very critical areas of the business both at the corporate and SBU levels will turn out to be an effective working arrangement.

2.3 What do you think are the roles of the subsidiaries?

I think the subsidiaries are basically the arms and legs of the corporation. They are the ones that work the plan. I think the role of the subsidiaries will be to work the plans and also to be the first contact with the market to provide the feedback mechanisms for the plan that helps to refine the bigger plan at the top. So it is a two way system that brings the input that helps us formulate and safely run and deliver whatever programme. The SBUs have to be highly operational in terms of what they do. Of course the models differ and the kind of corporate strategy and corporate parenting and how they devolve. But in the kind of NNPC I see, the role of the subsidiaries is more like making things happen and the role of the corporate parent like growing an expansive business that is going to be here many years to come given a clear mandate as to the way they should operate.

3. CORPORATE DESIGN

3.1 What organizational design parameters can you find embedded in the NNPC corporate design?

I think one of the things that looks embedded in the system if it works well, is the process. I think the organization has historically evolved what looks like a sound process. It may not really work all the time, but there seems to be approval process for everything, though not followed all the time or followed up very well. But there seems to be in place process to put integrity into the structural design. So those are the most visible things you meet. In terms of organization structure to deliver business, I do not see any conscious design because units get funds any how any day and level up. So I do not see any conscious effort to use structure to drive business but I see a very well established process over time that in a way tries to put in place the structure somehow. There is a Group Executive Committee, a Top Management Committee, there is the SBU counterpart of these and all sort of things which in a way have managed to keep the system from falling apart essentially.

3.2 Which organizational design parameters do you identify are very critical to the success of corporate parenting in NNPC?

I think structure will be very key way forward. In a way, very very well thought out structure should be put in place as a mechanism to drive business, because if you look at the future of companies, you need specific capabilities. We need a structure that helps us deliver growth, a structure around innovation, a structure around cost management. You know these things are best done with a carefully designed structure in place, not processes because processes are very good but they limit your ability to think. We need a structure that allows latitude in thinking because in future NNPC is going to grind to a halt if we just continue to run it by processes. We need an expansive mind set, people who can think of new ideas. And that is not a straight process. It is a structure and people thing. A combination of structure and process will be ideal. But I put structure at the top, followed by people and then processes. And of course, as you said, the word 'mechanism' ties all of them together.

3.3 Which of the underlisted dynamics is most prevalent due to the structure of the corporation (efficiency, effectiveness or both)?

When I look at our system, I do not see any of these things. Actually I do not know what it is aimed to achieve. The original drivers were more around transparency as opposed to efficiency and effectiveness and these systems were emplaced many many years in the past so we are trying to check that every thing is done properly to make decisions, money does not get spent by people wrongfully. There is transparency and so on. I think business has grown much more complex than it was at the time and as such some of these processes need to be made a whole lot efficient and a whole lot more effective by looking at the complex interrelationships we have in the SBUs. So I do not see any prevalence of efficiency or effectiveness at the moment.

4. GOVERNMENT'S INFLUENCE

4.1 What influences do you think Government ownership and control of the corporation have on the corporate parenting practices of the corporation?

I think government influence in NNPC certainly has a major and negative impact on corporate parenting; and the reason I think so is that government being able to intervene in the businesses at all levels create a major distortion. To be honest, I have no problem with government intervening at the corporate headquarters, but allowing corporate headquarters to run its businesses at the SBU level as it deemed fit to meet the aspirations of government good or bad. At least, that way you maintain the integrity of the system, of the processes and maintain a structure that can sail in any direction you want it to sail. If government wants it to sail direction 'A', you move to 'A', if it is 'B', you move to 'B'. But you can always move. It is always nimble. But when government intervention

is at all levels of the organization there is a major compromise of the thing. And that is what is happening. Government influences the refineries, government influences the companies, government influences the NPDC assets; government influences everything. That way, you render the whole corporate centre essentially useless. This basically led to where we are and has compromised very much the essence of governance.

4.2 **What do you think Government can do to improve corporate parenting practices in the Nigerian National Petroleum Corporation?**

Government should just limit its role to that of a shareholder, set performance mandates for the corporate centre and its leadership; enforce that mandate with appropriate reward and stick and leave it there. That is the only signal it needs to send to the board and from then they will cascade it down to the SBU. Deliver the mandate and move on or you get the stick!

The End.

CORPORATE PARENTING IDEALS BEING PRACTISED OR PRESENT

S/No.	Q. No.	V. No.	Themes practised or present
1	2	2	Activities sharing to SBUs/CSUs
2		3	Portfolio management
3		4	Strategy making
4		5	Organization design/redesign
5		6	Funds management
6		8	Skills transfer from the centre
7		9	Integrated control and coordination
8		11	Operating within legal framework
9	3	12	Headquarters that justifies its existence
10		14	A value creating headquarters
11		16	Centralised and distinct management
12		19	Identification of corporate restructuring opportunities
13		20	Proper selection of subsidiaries to form the corporate portfolio
14	4	22	Identification of business opportunities
15		23	Identification and deployment of distinctive skills corporate-wide
16		24	Harnessing and deployment of corporate resources
17		25	Focusing of corporate portfolio around related core businesses
18		27	Development of framework for value addition
19		29	Appropriate business unit definition and corporate structuring
20		31	Service outsourcing
21	5	32	The GMD is strategically kept aware
22	10	37	Overall corporate review framework to continuously address synergy, co-ordination, processes and structural issues
23	16	50	Establishment of techniques to assess and measure value added
24		51	Continuous corporate guidance
25		52	Implementation of appropriate performance standards
26		53	Deployment of external specialist help
27		54	Identifying of corporate improvement opportunities
28		55	Sharing of new product ideas
29		56	Adoption of cutting edge marketing practices
30		57	Deployment of distinctive skills
31		58	Adoption of distinctive processes or resources
32		59	Encouraging related or heartland businesses
33		60	Appointment of key staff to appropriate jobs
34		61	Use of the internet as an additional delivery mechanism to reduce costs
35	22	67	Legal and regulatory tasks of preparing annual reports
36		68	Submitting tax returns

S/No.	Q. No.	V. No.	Description of ideals practised or present
37	22 Cont.	69	Observance of health and safety legislations
38		70	Basic governance functions of protecting stakeholders' interests
39		71	Organization designing/redesigning
40		72	Appointment of senior management
41		73	Raising of capital
42		74	Handling of investor relations
43		75	Implementation of basic control and co-ordination processes
44		76	General management functions
45		77	Corporate planning
46	23	78	The corporate centre measures and reports on how much business net value it adds to the corporation.
47	25	80	Strategy summary statements include product line
48		81	Services offered or planned
49		82	Markets and channels
50		83	Finance
51		84	Profit objectives
52		85	Capital safety
53		86	Level of return on investment
54	26	87	NNPC's summary statements include major policies of the SBU/CSUs that distinguish it from other competing oil and gas organizations as pertaining to size, form and operating climate.
55	28	90	Co-ordinator of defined array of tasks
56		91	Communicator of corporate strategy
57		92	Translator of enterprise-level plans into individual SBU/CSU plans
58		93	Executor of strategic initiatives in order to deliver on the corporate grand design.
59		95	Office for testing and adapting corporate strategy to stay abreast of competition.
60	29	98	Clear mission statement indicating that it intends to go international
61		100	Its headquarters is located in the founding country
62	30	105	The corporate centre applies the life cycle management strategy to ensure appropriate management style in different developmental stages of the organization to assess and review whether leadership is failing or declining.
63		107	Financial management
64	32	115	The NNPC adopts the 'fit' and 'core competence' philosophies or tools to determine corporate-level strategy.
65	35	124	The SBUs/CSUs have critical success factors that give the businesses competitive advantages.

S/No.	Q. No.	V. No.	Description of ideals practised or present
66	38	127	The SBUs/CSUs are responsible for their individual competitive business strategies.
67	40	129	The SBUs/CSUs derive their products/financial targets from the corporate centre.
68	42	131	SBUs/CSUs are crafted after careful analysis of their likely impact on net value creation.
69	44	133	The SBUs/CSUs also operate through joint committees or staff groups to create synergy.
70	48	147	The corporate parent from time to time monitors how well the organization designs are working.
71	57	178	The Board of the NNPC has clearly spelt out functions.
72		179	Limits of authority
73	60	182	The corporate centre devises monitoring techniques to manage the political and social pressures that bear upon it.

CORPORATE PARENTING IDEALS NOT BEING PRACTISED

S/No	Q. No.	V. No.	Themes not practised
1	2	7	Centralised marketing function
2		10	Global business interconnecting
3	3	13	A headquarters that performs a step ahead of other rival headquarters
4		15	Properly selected strategies that reduce inefficiency and ineffectiveness
5		18	Co-ordination of e-initiatives across the portfolio.
6		21	Presence of opportunities the parent is best positioned to tap.
7	4	26	Minimisation of operating costs.
8		28	Crafted research programmes for continuous value addition.
9		30	Business acquisitions and divestments.
10	6	33	The corporate centre charges fees for the services it renders to the subsidiaries.
11	7	34	The corporate centre is aware of everything going on in the strategic business units.
12	9	36	There is a general awareness that the corporate centre positions NNPC as a learning organization.
13	11	38	The corporate centre carries out modelling of cross-company activities which distinguish it from other corporate centres in identification of synergy opportunities or neglected potentials.
14	12	39	The corporate centre creates opportunity for individual managers to identify pet projects or initiatives and accordingly champion them.
15	13	40	The corporate centre uses internal consultants and process manuals to develop capability management.
16	18	63	The corporate centre has a comprehensive portfolio of e-initiatives which reviews existing businesses, new business ventures and responsibilities of the corporate centre.
17	20	65	The corporate centre uses e-commerce initiative which encourages engagement of people with venture capital backgrounds to add value to the corporation.
18	21	66	The internet initiatives have produced new business and parenting models at the corporate centre.
19	24	79	The corporate centre carries out periodic review of cross-company business initiatives to establish that SBUs/CSUs are preferring ties with third party organizations.
20	28	89	The NNPC's OSM acts as the GMD's chief of staff
21		94	Office for aligning employees' plans for competency development with strategic objectives.
22		96	Office for handling investor relations.

S/No.	Q. No.	V. No.	Description of ideals
23		97	Office for encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage.
24	29	99	Quantifiable objectives that it intends to operate in two or more continents.
25		101	Five years consistent report on turnover growth.
26		102	Global market share
27		103	Global brands
28		104	Worldwide avenues to source its raw materials.
29	30	106	Competitive strategy
30	33	116	The corporate parent categorises and analyzes its businesses according to portfolio or growth/share matrix expressed in Stars
31		117	Cash cows
32		118	Question marks
33		119	Dogs
34	34	120	The NNPC corporate parent categorises and analyzes its businesses according to parenting matrix expressed in Heartland
35		121	Ballast
36		122	Alien
37		123	Value trap
38	36	125	Redefinition of business units is carried out when deeply rooted hostility and mistrust between senior managers in the different business units become issues.
39	37	126	Business unit redefinition is also carried out where there exists difficulty in allocation of costs and revenues to the business units.
40	39	128	The SBUs/CSUs are allowed to compete amongst themselves or are encouraged to have a 'market-place' relationship.
41	43	132	The SBUs/CSUs are managed for profit and margin and not volume and market share.
42	52	155	The number of staff at the corporate centre was justified with a clear value-added rationale.
43	53	156	The corporate parent function encourages development of specialist expertise relevant to execute the parenting propositions detailed as variables 12-21
44	58	180	The corporate centre devises monitoring techniques to manage the political and social pressures that bear upon it.

CORPORATE PARENTING IDEALS EXAMINABLE FOR LACK OF AWARENESS (PERCENTAGE SCORES FROM SPSS DESCRIPTIVE STATISTICS)

S/No.	Q. No.	V. No.	Themes for examination	Undecided %
1	2	7	Centralised marketing function	22.7
2		10	Global business interconnecting	27.6
3	3	13	A headquarters that performs a step ahead of other rival headquarters	25.4
4		15	Properly selected strategies that reduce inefficiency and ineffectiveness.	23.2
5		17	Capacity maximisation of subsidiaries	23.2
6		18	Presence of opportunities the parent is best positioned to tap.	35.9
7		20	Proper selection of subsidiaries to form the corporate portfolio.	33.7
8		21	Co-ordination of e-initiatives across the portfolio.	30.9
9	4	23	Identification and deployment of distinctive skills corporate-wide.	20.4
10		25	Focusing of corporate portfolio around related core businesses.	22.1
11		26	Minimisation of operating costs.	28.2
12		27	Development of framework for value addition.	21.0
13		28	Crafted research programmes for continuous value addition	23.8
14		31	Service outsourcing	22.7
15	6	33	The corporate centre charges fees for the services it renders to the subsidiaries.	23.2
16	9	36	There is a general awareness that the corporate centre positions NNPC as a learning organization.	28.7
17	11	38	It is a common knowledge that the corporate centre carries out modelling of cross-company activities which distinguish it from other corporate centres in identification of synergy opportunities or neglected potentials.	27.6
18	12	39	The corporate centre creates opportunity for individual managers to identify pet projects or initiatives and accordingly champion them.	22.1
19	13	40	The corporate centres uses internal consultants and process manuals to develop capability management.	21.0
20	17	62	The corporate centre is creating more value than costs.	30.9
21	18	63	The corporate centre has a comprehensive portfolio of e-initiatives which reviews existing businesses, new business ventures and responsibilities of the corporate centre.	29.3
22	20	65	The corporate centre uses e-commerce initiative which encourages engagement of people with venture capital backgrounds to add value to the corporation.	30.9

S/No.	Q. No.	V. No.	Description of Variables indicating unawareness	Undecided %
23	21	66	The internet initiatives have produced new business and parenting models at the corporate centre.	31.5
24	24	79	The corporate centre carries out periodic review of cross-company business initiatives to establish that SBUs/CSUs are preferring ties with third party organizations.	47.0
25	25	84	Strategy summary statements which are constructed by the corporate centre include profit objectives.	21.5
26	27	88	The NNPC's OSM is empowered to perform.	37.0
27	28	89	The NNPC's OSM acts as the GMD's chief of staff.	42.5
28		90	Co-ordinator of defined array of tasks.	26.5
29		91	Communicator of corporate strategy.	22.1
30		93	Executor of strategic initiatives in order to deliver on the corporate grand design.	30.9
31		94	Office for aligning employees' plans for competency development with strategic objectives.	36.5
32		95	Office for testing and adapting corporate strategy to stay abreast of competition.	30.9
33		96	Office for handling investor relations.	39.2
34		97	Office for encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage.	34.3
35	29	99	The NNPC can be understood as an international company because it has quantifiable objectives that it intends to operate in two or more continents.	20.4
36		101	Five years consistent report on turnover growth.	32.0
37		102	Global market share.	25.4
38		103	Global brands.	28.7
39		104	Worldwide avenues to source its raw materials.	21.5

S/No.	Q. No.	V. No.	Description of Variables indicating unawareness	Undecided %
40	30	105	The corporate centre applies the life cycle management strategy to ensure appropriate management style in different developmental stages of the organization to assess and review whether leadership is failing or declining.	22.7
41		106	Competitive strategy	29.3
42		107	Financial management	23.8
43	31	111	Activities the corporate centre of NNPC outsources are intended to share risks.	20.4
44	32	115	The NNPC adopts the 'fit' and 'core competence' philosophies or tools to determine corporate-level strategy.	21.0
45	33	116	The corporate parent categorises and analyzes its businesses according to portfolio or growth/share matrix expressed in stars.	45.3
46		117	Cash cows	43.1
47		118	Question marks	56.9
48		119	Dogs	51.4
49	34	120	The NNPC corporate parent categorises and analyzes its businesses according to parenting matrix expressed in heartland.	35.9
50		121	Ballast	44.2
51		122	Alien	46.4
52		123	Value trap	47.0
53	36	125	Redefinition of business units is carried out when deeply rooted hostility and mistrust between senior managers in the different business units become issues.	24.3
54	37	126	Business unit redefinition is also carried out where there exists difficulty in allocation of costs and revenues to the business units.	29.3
55	43	132	The SBUs/CSUs are managed for profit and margin and not volume and market share.	22.7
56	51	153	The number of staff at the corporate centre is adequate.	28.7

S/No.	Q. No.	V. No.	Description of Variables indicating unawareness	Undecided %
57		154	Too few.	22.7
58	52	155	The number of staff at the corporate centre was justified with clear value-added rationale.	21.5
59	53	156	The corporate parent function encourages development of specialist expertise relevant to execute the parenting propositions detailed in variables 12-21.	27.1
60	54	161	The NNPC's organization structure encourages a value creating headquarters.	27.6
61		162	Properly selected strategies that reduce inefficiency and ineffectiveness.	28.7
62		163	Co-ordinated linkage techniques that increase the efficiencies of SBUs/CSUs and the corporate parent.	24.3
63		164	Capacity maximisation of subsidiaries and parenting opportunities.	26.5
64		165	A well selected portfolio.	33.1
65	55	169	The corporate or organization design encourages value creating responsibilities.	22.7
66	56	171	The following design options are blended in the NNPC organization structure: simple	27.6
67		174	Matrix	44.8
68		175	Network	37.0
69	58	180	The information and communication technology encourages flat organization structure in NNPC.	38.7

DESCRIPTIVE STATISTICS

Section A

1. **Corporate Parenting practices are being adopted in the corporate centre of the Nigerian National Petroleum Corporation.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
1.	34/18.8%	102/56.4	136/75.2	25/13.8	15/8.3	5/2.8	20/11.1	3.80	4.00	.93	**75.2**	Positive

2. **The following Corporate Parenting ideals are practised at the corporate centre of the NNPC:**

	Strongly Agree	Agree	SA+A	Und'd	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm %	Effect
2. Activities sharing to SBUs/CSUs	43/23.8	115/63.5	158/87.3	13/7.2	7/3.9	3/1.7	10/5.6	4.04	4.00	.784	**87.3**	Positive
3. Portfolio management	22/12.2	101/55.8	123/68	33/18.2	23/12.7	2/1.1	25/13.8	3.65	4.00	.892	**68.0**	Positive
4. Strategy making	42/23.2	100/55.2	142/78.4	26/14.4	12/6.6	1/.6	13/7.2	3.94	4.00	.831	**78.4**	Positive
5. Organization design/redesign	52/28.7	96/53.0	148/81.7	18/9.9	10/5.5	5/2.8	15/8.3	3.99	4.00	.928	**81.7**	Positive
6. Funds management	36/19.9	98/54.1	134/74	22/12.2	20/11.0	5/2.8	25/13.8	3.77	4.00	.982	**74.0**	Positive
7. Centralised marketing function	18/9.9	49/27.1	67/37.0	41/22.7	68/37.6	5/2.8	73/40.3	3.04	3.00	1.077	**40.4**	Negative
8. Skills transfer from the centre	30/16.6	68/37.6	98/54.2	34/18.8	41/22.7	8/4.4	49/27.1	3.39	4.00	1.138	**54.2**	Psitive
9. Integrated control and coordination	28/15.5	93/51.4	121/66.9	28/15.5	29/16.0	3/1.7	32/17.7	3.63	4.00	.984	**66.9**	Positive
10. Global business interconnecting	27/14.9	63/34.8	90/49.7	50/27.6	35/19.3	6/3.3	41/22.7	3.39	3.00	1.062	**22.6**	Negative
11. Operating within legal framework	66/36.5	93/51.4	159/87.9	16/8.8	4/2.2	2/1.1	6/4.4	4.20	4.00	.778	**87.9**	Positive

3. Corporate parenting propositions as underlisted are visible from the management style at the corporate centre:

	Strongly Agree	Agree		Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
12. A headquarters that justifies its existence	42/23.2	80/44.2	122/67.4	28/15.5	25/13.8	6/3.3	31/17.1	3.70	4.00	1.075	67.4	Positive
13. A headquarters that performs a step Ahead of other rival headquarters	22/12.2	46/25.4	68/37.6	46/25.4	53/29.3	14/7.7	67/37.0	3.05	3.00	1.161	37.0	Negative
14. A value creating headquarters	18/9.9	74/40.9		45/24.9	39/21.5	5/2.8	44/24.3	3.34	4.00	1.012	50.8	Positive
15. Properly selected strategies that reduce inefficiency and ineffectiveness.	8/4.4	63/34.8	71/39.2	42/23.2	58/32.0	10/5.5	68/37.6	3.01	3.00	1.035	37.5	Negative
16. Centralised and distinct management processes	23/12.7	93/51.4	116/64.1	30/16.6	32/17.7	3/1.7	35/19.3	3.56	4.00	.979	64.1	Positive
17. Capacity maximisation of subsidiaries	14/7.7	68/37.6	82/45.3	42/23.2	50/27.6	7/3.9	57/31.5	3.18	3.00	1.044	31.5	Negative
18. Presence of opportunities the parent is best positioned to tap	20/11.0	68/37.6	88/48.6	65/35.9	27/14.9	1/.6	28/15.5	3.44	3.00	.896	15.5	Negative
19. Identification of corporate restructuring opportunities	24/13.3	116/64.1	140/77.4	25/13.8	15/8.3	1/.6	16/8.8	3.81	4.00	.787	77.4	Positive
20. Proper selection of subsidiaries to form the corporate portfolio	21/11.6	74/40.9	95/52.5	61/33.7	23/12.7	2/1.1	25/13.8	3.49	4.00	.898	52.5	Positive
21. Co-ordination of e- initiatives across the portfolio	14/7.7	54/29.8	68/37.5	56/30.9	48/26.5	9/5.0	57/31.5	3.09	3.00	1.034	31.5	Negative

4. **Corporate-level strategies as itemised below are exploited at the corporate centre:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
22. Identification of business Opportunities	37/20.4	104/57.5	141/77.9	22/12.2	16/8.8	2/1.1	18/9.9	3.87	4.00	.876	77.9	Positive
23. Identification and deployment of distinctive skills corporate-wide	32/17.7	78/43.1	110/60.8	37/20.4	31/17.1	3/1.7	34/18.8	3.58	4.00	1.022	60.8	Positive
24. Harnessing and deployment of Corporate resources	30/16.6	90/49.7	120/66.3	30/16.6	29/16.0	2/1.1	31/17.1	3.65	4.00	.976	66.3	Positive
25. Focusing of corporate portfolio around related core businesses	29/16.0	82/45.3	111/61.3	40/22.1	27/14.9	3/1.7	30/16.6	3.59	4.00	.982	61.3	Positive
26. Minimisation of operating costs	14/7.7	47/26.0	61/33.7	51/28.2	62/34.3	7/3.9	69/38.1	2.99	3.00	1.035	38.2	Negative
27. Development of framework for value addition	16/8.8	88/48.6	104/57.4	38/21.0	38/21.0	1/.6	39/21.5	3.44	4.00	.939	57.4	Positive
28. Crafted research programmes for continuous value addition	11/6.1	58/32.0	69/38.1	43/23.8	63/34.8	6/3.3	69/38.1	3.03	3.00	1.024	38.1	Negative
29. Appropriate business unit definition and corporate structuring	31/17.1	91/50.3	122/67.4	35/19.3	20/11.0	4/2.2	24/13.3	3.69	4.00	.956	67.4	Positive
30. Business acquisitions and Divestments	15/8.3	66/36.5	81/44.8	49/27.1	48/26.5	3/1.7	51/28.2	3.23	3.00	.990	28.2	Negative
31. Service outsourcing	19/10.5	86/47.5	105/58.0	41/22.7	31/17.1	4/2.2	35/19.3	3.47	4.00	.969	58.0	Positive

5. **The Group Managing Director who is the strategic leader or top corporate parent is kept strategically aware because he is well apprised by the managers who report to him.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
32.	52/28.7	78/43.1	130/71.8	21/11.6	22/12.2	8/4.4	16.6	3.80	4.00	1.12	71.8	Positive

6. The corporate centre charges fees for the services it renders to the subsidiaries.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
33.	4/2.2	19/10.5	23/12.7	42/23.2	86/47.5	30/16.6	116/64.1	2.34	2.00	.95	64.1	Negative

7. The corporate centre is aware of everything going on in the strategic business units.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
34.	16/8.8	63/34.8	79/43.6	25/13.8	68/37.6	9/5.0	77/42.6	3.05	3.00	1.13	42.6	Negative

8. The influence of the corporate centre sometimes causes the SBUs/CSUs to make wrong or poor decisions.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
35.	34/18.8	87/48.1	121/66.9	25/13.8	26/14.4	9/5.0	35/19.4	3.61	4.00	1.10	66.9	Positive

9. There is a general awareness that the corporate centre positions NNPC as a learning organization.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
36.	17/9.4	66/36.5	83/45.9	52/28.7	42/23.2	4/2.2	46/25.4	3.28	3.00	.99	25.4	Negative

10. Staff are aware that there is an overall corporate review framework designed to continuously address synergy, co-ordination, processes and structural issues.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
37.	25/13.8	84/46.4	109/60.2	31/17.1	39/21.5	2/1.1	41/22.6	3.50	4.00	1.01	60.2	Positive

11. It is a common knowledge that the corporate centre carries out modelling of cross-company activities which distinguish it from other corporate centres in identification of synergy opportunities or neglected potentials.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
38.	10/5.5	63/34.8	73/40.3	50/27.6	56/30.9	2/1.1	58/32	3.13	3.00	.95	32	Negative

12. The corporate centre creates opportunity for individual managers to identify pet projects or initiatives and accordingly champion them.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
39.	5/2.8	45/24.9	50/27.7	40/22.1	83/45.9	8/4.4	91/50.3	2.76	2.00	.97	50.3	Negative

13. The corporate centre uses internal consultants and process manuals to develop capability management.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
40.	6/3.3	76/42.0	82/45.3	38/21.0	56/30.9	5/2.8	61/33.7	3.12	3.00	.98	33.7	Negative

14. Corporate centre can destroy value creation through:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
41. Excessive bureaucratic planning	78/43.1	80/44.2	158/87.3	14/7.7	6/3.3	3/1.7	9/5.0	4.38	4.00	.769	92.2	Positive
42. Excessive overheads	65/35.9	73/40.3	138/76.2	23/12.7	14/7.7	6/3.3	20/11	4.24	4.00	.859	87.3	Positive
43. Misguided advice	71/39.2	69/38.1	140/77.3	21/11.6	12/6.6	8/4.4	20/11	3.98	4.00	1.049	76.2	Positive
44. Domineering corporate centre staff	65/35.9	83/45.9	148/81.8	13/7.2	17/9.4	3/1.7	20/11.1	4.01	4.00	1.085	77.3	Positive

15. The corporate centre has the duty of standardising the following:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
45. Products/services	65/35.9	83/45.9	148/81.8	13/7.2	17/9.4	3/1.7	20/11.0	4.05	4.00	.979	81.8	Positive
46. Formal procedures	69/38.1	89/49.2	158/87.3	7/3.9	13/7.2	3/1.7	16/8.8	4.15	4.00	.916	87.3	Positive
47. Accounting systems	87/48.1	81/44.8	168/92.9	6/3.3	6/3.3	1/.6	7/3.9	4.36	4.00	.753	92.9	Positive
48. Training and development	75/41.4	85/47.0	160/88.4	9/5.0	10/5.5	2/1.1	12/6.6	4.22	4.00	.860	88.4	Positive
49. Contracts management	63/34.8	77/42.5	140/77.3	16/8.8	23/12.7	2/1.1	25/13.8	3.97	4.00	1.024	77.3	Positive

16. Corporate centre value creation is facilitated through:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
50. Establishment of techniques to assess and measure value added	43/23.8	90/49.7	133/73.5	26/14.4	21/11.6	1/.6	22/12.2	3.85	4.00	.936	73.5	Positive
51. Continuous corporate guidance	46/25.4	98/54.1	144/79.5	25/13.8	10/5.5	2/1.1	12/6.6	3.07	4.00	.846	79.5	Positive
52. Implementation of appropriate performance standards	53/29.3	98/54.1	151/83.4	21/11.6	8/4.4	1/.6	9/5.0	4.97	4.00	.796	83.4	Positive
53. Deployment of external specialist Help	24/13.3	103/56.9	127/70.2	33/18.2	18/9.9	3/1.7	21/11.6	3.70	4.00	.882	70.2	Positive
54. Identifying of corporate improvement opportunities	45/24.9	103/56.9	148/81.8	21/11.6	11/6.1	1/.6	12/6.7	3.99	4.00	.813	81.8	Positive
55. Sharing of new product ideas	35/19.3	103/56.9	138/76.2	27/14.9	15/8.3	1/.6	16/8.9	3.86	4.00	.842	76.2	Positive
56. Adoption of cutting edge marketing practices	31/17.1	75/41.4	106/58.5	48/26.5	25/13.8	2/1.1	27/14.9	3.60	4.00	.965	58.5	Positive
57. Deployment of distinctive skills	40/22.1	98/54.1	138/76.2	25/13.8	15/8.3	3/1.7	18/10.0	3.87	4.00	.909	76.2	Positive
58. Adoption of distinctive processes or resources	35/19.3	94/51.9	129/71.2	31/17.1	19/10.5	2/1.1	21/11.6	3.78	4.00	.916	71.2	Positive
59. Encouraging related or heartland businesses	22/12.2	88/48.6	110/60.8	51/28.2	19/10.5	1/.6	20/11.1	3.61	4.00	.853	60.8	Positive
60. Appointment of key staff to appropriate jobs	42/23.2	88/48.6	130/71.8	28/15.5	23/12.7	0.0	23/12.7	3.82	4.00	.932	71.8	Positive
61. Use of the internet as an additional Delivery mechanism to reduce costs	48/26.5	82/45.3	130/71.8	23/12.7	25/13.8	3/1.7	28/15.5	3.81	4.00	1.032	71.8	Positive

17. The corporate centre is creating more value than costs.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
62.	7/3.9	39/21.5	46/25.4	56/30.9	71/39.2	8/4.4	79/43.6	2.81	3.00	.95	43.6	Negative

18. The corporate centre has a comprehensive portfolio of e-initiatives which reviews existing businesses, new business ventures and responsibilities of the corporate centre.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
63.	11/6.1	54/29.8	65/35.9	53/29.3	58/32.0	5/2.8	63/34.8	3.04	3.00	.99	34.8	Negative

19. Adopting of e-technologies can improve cost structures of existing products and services and service quality.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
64.	74/40.9	86/47.5	160/88.4	15/8.3	4/2.2	2/1.1	6/3.3	4.25	4.00	.79	88.4	Positive

20. The corporate centre uses e-commerce initiative which encourages engagement of people with venture capital backgrounds to add value to the corporation.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
65.	12/6.6	51/28.2	63/34.8	56/30.9	59/32.6	3/1.7	62/34.3	3.06	3.00	.97	34.3	Negative

21. The internet initiatives have produced new business and parenting models at the corporate centre.

	Strongly Agree	Agree		Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
66.	17/9.4	68/37.6	85/47.0	57/31.5	36/19.9	3/1.7	39/21.6	3.33	3.00	.95	21.6	Negative

22. **The corporate centre plays the following parenting roles:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
67 Legal and regulatory tasks of preparing annual reports	66/36.5	88/48.6	154/85.1	13/7.2	11/6.1	3/1.7	14/7.8	4.12	4.00	.905	85.1	Positive
68. Submitting tax returns	43/23.8	82/45.3	125/69.1	34/18.8	19/10.5	3/1.7	22/12.2	3.79	4.00	.978	69.1	Positive
69. Observance of health and safety legislations	51/28.2	89/49.2	140/77.4	21/11.6	16/8.8	4/2.2	20/11.0	3.92	4.00	.974	77.4	Positive
70. Basic governance functions of protecting stakeholders' interests	62/34.3	67/37.0	129/71.3	34/18.8	15/8.3	3/1.7	18/10.0	3.94	4.00	1.006	71.3	Positive
71. Organization designing/redesigning	61/33.7	88/48.6	14/82.3	26/14.4	5/2.8	1/.6	6/3.4	4.12	4.00	.793	82.3	Positive
72. Appointment of senior management	85/47.0	73/40.3	158/87.3	19/10.5	3/1.7	1/.6	4/2.3	4.31	4.00	.771	87.3	Positive
73. Raising of capital	55/30.4	78/43.1	133/73.5	30/16.6	17/9.4	1/.6	18/10.0	3.93	4.00	.946	73.5	Positive
74. Handling of investor relations	45/24.9	96/53.0	141/77.9	29/16.0	9/5.0	2/1.1	11/6.1	3.96	4.00	.842	77.9	Positive
75. Implementation of basic control and co-ordination processes	47/26.0	93/51.4	140/77.4	29/16.0	9/5.0	3/1.7	12/6.7	3.95	4.00	.877	77.4	Positive
76. General management functions	46/25.4	111/61.3	157/86.7	17/9.4	6/3.3	1/.6	7/3.9	4.08	4.00	.726	86.7	Positive
77. Corporate planning	89/49.2	84/46.4	173/95.6	5/2.8	2/1.1	1/.6	3/1.7	4.43	4.00	.659	95.6	Positive

23. **The corporate centre measures and reports on how much business net value it adds to the corporation.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
78.	27/14.9	87/48.1	114/63.0	30/16.6	37/20.4	0.0	37/20.4	3.57	4.00	.98	63.0	Positive

24. **The corporate centre carries out periodic review of cross-company business initiatives to establish that SBUs/CSUs are preferring ties with third party organizations.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
79.	11/6.1	44/24.3	55/30.4	85/47.0	39/21.5	2/1.1	41/22.6	3.13	3.00	.86	22.6	Negative

25. Strategy summary statements which are constructed by the corporate centre include:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
80. Product line	51/28.2	72/39.8	123/68.0	37/20.4	18/9.9	3/1.7	21/11.6	3.83	4.00	1.005	68.0	Positive
81. Services offered or planned	36/19.9	105/58.0	141/77.9	26/14.4	13/7.2	1/.6	14/7.8	3.90	4.00	.820	77.9	Positive
82. Markets and channels	23/12.7	108/59.7	131/72.4	32/17.7	17/9.4	1/.6	18/10.0	3.75	4.00	.818	72.4	Positive
83. Finance	44/24.3	104/57.5	148/81.8	17/9.4	16/8.8	0.0	16/8.8	3.97	4.00	.833	81.8	Positive
84. Profit objectives	31/17.1	79/43.6	110/60.7	39/21.5	32/17.7	0.0	32/17.7	3.60	4.00	.970	60.7	Positive
85. Capital safety	27/14.9	94/51.9	121/66.8	24/13.3	36/19.9	0.0	36/19.9	3.62	4.00	.968	66.8	Positive
86. Level of return on investment	33/18.2	86/47.5	119/65.7	32/17.7	30/16.6	0.0	30/16.6	3.67	4.00	.960	65.7	Positive

26. NNPC's summary statements include major policies of the SBU/CSUs that distinguish it from other competing oil and gas organizations as pertaining to size, form and operating climate.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
87.	32/17.7	81/44.8	113/62.5	39/21.5	29/16.0	0.0	29/16.0	3.64	4.00	.95	62.5	Positive

27. The NNPC's Office of Strategy Management is empowered to perform.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
88.	9/5.0	72/39.8	81/44.8	67/37.0	32/17.7	1/.6	33/18.3	3.31	3.00	.84	18.3	Negative

28.   The NNPC's Office of Strategy Management acts as:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
89. The GMD's chief of staff	17/9.4	58/32.0	75/41.4	77/42.5	29/16.0	0.0	29/16.0	3.35	3.00	.860	16.0	Negative
90. Co-ordinator of defined array of Tasks	16/8.8	88/48.6	104/57.4	48/26.5	26/14.4	3/1.7	29/16.1	3.49	4.00	.904	57.4	Positive
91. Communicator of corporate strategy	30/16.6	86/47.5	116/64.1	40/22.1	23/12.7	2/1.1	25/13.8	3.66	4.00	.939	64.1	Positive
92. Translator of enterprise-level plans into individual SBU/CSU plans	24/13.3	87/48.1	111/61.4	43/23.8	27/14.9	0.0	27/14.9	3.60	4.00	.899	61.4	Positive
93. Executor of strategic initiatives in order to deliver on the corporate grand design	15/8.3	76/42.0	91/50.3	56/30.9	31/17.1	3/1.7	34/18.8	3.38	4.00	.921	50.3	Positive
94. Office for aligning employees' plans for competency development with strategic objectives	11/6.1	55/30.4	66/36.5	66/36.5	46/25.4	3/1.7	49/27.1	3.14	3.00	.924	27.1	Negative
95. Office for testing and adapting corporate strategy to stay abreast of competition	21/11.6	73/40.3	94/51.9	56/30.9	30/16.6	1/.6	31/17.2	3.46	4.00	.922	51.9	Positive
96. Office for handling investor relations	8/4.4	55/30.4	63/34.8	71/39.2	45/24.9	2/1.1	47/26.0	3.12	3.00	.873	26.0	Negative
97. Office for encouraging enterprise-wide entrepreneurial behaviour for dynamic capability advantage.	9/5.0	71/39.2	80/44.2	62/34.3	38/21.0	1/.6	39/21.6	3.27	3.00	.868	21.6	Negative

29. **The NNPC can be understood as an international company because it has:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
98. A clear mission statement indicating that it intends to go international	63/34.8	65/35.9	128/70.7	33/18.2	19/10.5	1/.6	20/11.1	3.94	4.00	1.001	70.7	Positive
99. Quantifiable objectives that it intends to operate in two or more continents	25/13.8	54/29.8	79/43.6	37/20.4	61/33.7	4/2.2	65/35.9	3.19	3.00	1.116	35.9	Negative
100. Its headquarters located in the founding country	43/23.8	57/31.5	100/55.3	33/18.2	43/23.8	5/2.8	48/26.6	3.50	4.00	1.172	55.3	Positive
101. Five years consistent report on turnover growth	9/5.0	39/21.5	48/26.5	58/32.0	66/36.5	9/5.0	75/41.5	2.85	3.00	.980	41.5	Negative
102. Global market share	16/8.8	62/34.3	78/43.1	46/25.4	49/27.1	8/4.4	57/31.5	3.16	3.00	1.060	31.5	Negative
103. Global brands	16/8.8	51/28.2	67/37.0	52/28.7	52/28.7	10/5.5	62/34.2	3.06	3.00	1.071	34.2	Negative
104. Worldwide avenues to source its raw materials	22/12.2	61/33.7	83/45.9	39/21.5	47/26.0	12/6.6	59/32.6	3.19	3.00	1.149	32.6	Negative

30. **The corporate centre applies the life cycle management strategy to ensure appropriate management style in different developmental stages of the organization to assess and review whether the following dimensions are failing or declining:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
105. Leadership	19/10.5	76/42.0	95/52.5	41/22.7	41/22.7	4/2.2	45/24.9	3.36	4.00	1.016	52.5	Positive
106. Competitive strategy	13/7.2	62/34.3	75/41.5	53/29.3	47/26.0	6/3.3	53/29.3	3.16	3.00	1.001	29.3	Negative
107. Financial management	15/8.3	81/44.8	96/53.1	43/23.8	39/21.5	3/1.7	42/23.2	3.36	4.00	.966	53.1	Positive

31. Activities the corporate centre of NNPC out-sources are intended to:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
108. Improve company's focus	36/19.9	110/60.8	146/80.7	23/12.7	11/6.1	1/.6	12/6.7	3.93	4.00	.786	80.7	Positive
109. Create access to world-class capabilities	36/19.9	102/56.4	138/76.3	23/12.7	18/9.9	2/1.1	20/11.0	3.84	4.00	.896	76.3	Positive
110. Accelerate benefits from re-engineering or deregulation	32/17.7	98/54.1	130/71.8	22/12.2	21/11.6	8/4.4	29/16.0	3.69	4.00	1.035	71.8	Positive
111. Share risks	23/12.7	84/46.4	107/59.1	37/20.4	30/16.6	7/3.9	37/20.5	3.48	4.00	1.036	59.1	Positive
112. Free resources for other purposes	21/11.6	94/51.9	115/63.5	36/19.9	25/13.8	5/2.8	30/16.6	3.56	4.00	.962	63.5	Positive
113. Gain service advantage	23/12.7	110/60.8	133/73.5	31/17.1	15/8.3	2/1.1	17/9.4	3.76	4.00	.821	73.5	Positive
114. Gain financial advantage	22/12.2	105/58.0	127/70.2	33/18.2	19/10.5	2/1.1	21/11.6	3.70	4.00	.857	70.2	Positive

32. The NNPC adopts the 'fit' and 'core competence' philosophies or tools to determine corporate-level strategy. ('Fit refers to SBUs/CSUs or portfolio that fit well with the available corporate centre skills, and 'core competence' refers to portfolios that are built around skills, abilities, capabilities and knowledge shared across the SBUs/CSUs).

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
115.	21/11.6	94/51.9	115/63.5	38/21.0	24/13.3	4/2.2	28/15.5	3.57	4.00	.94	63.5	Positive

33. The corporate parent categorises and analyses its businesses according to portfolio or growth/share matrix expressed in:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
116. Stars (high potential in business growth but low in market share).	6/3.3	47/26.0	53/29.3	82/45.3	42/23.2	4/2.2	46/25.4	3.05	3.00	.845	25.4	Negative
117. Cash cows (low potential in business growth but high in market share)	9/5.0	52/28.7	61/33.7	78/43.1	37/20.4	5/2.8	42/23.2	3.13	3.00	.888	23.2	Negative
118. Question marks (relatively high in growth but low in market share)	4/2.2	30/16.6	34/18.8	103/56.9	39/21.5	5/2.8	44/24.3	2.94	3.00	.761	24.3	Negative
119. Dogs (low both in growth and market share)	1/.6	32/17.7	33/18.3	93/51.4	46/25.4	9/5.0	55/30.4	2.83	3.00	.792	30.4	Negative

34. The NNPC corporate parent categorises and analyzes its businesses according to parenting matrix expressed in:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm %	Effect
120. Heartland (related businesses that the parent can add value to without causing any harm)	10/5.5	78/43.1	88/48.6	65/35.9	26/14.4	2/1.1	28/15.5	3.38	3.00	.838	15.5	Negative
121. Ballast (businesses that the parent have knowledge about but cannot help much)	6/3.3	44/24.3	50/27.6	80/44.2	47/26.0	4/2.2	51/28.2	3.01	3.00	.853	28.2	Negative
122. Alien (businesses that are clearly misfits)	4/2.2	26/14.4	30/16.6	84/46.4	58/32.0	9/5.0	67/37.0	2.77	3.00	.838	37.0	Negative
123. Value trap (businesses that look attractive but are loss-prone)	2/1.1	40/22.1	42/23.2	85/47.0	46/25.4	8/4.4	54/29.8	2.90	3.00	.831	29.8	Negative

Section B

Strategic Business Units and Corporate Services Units

35. The SBUs/CSUs have critical success factors, i.e. distinct activities that can give the businesses competitive advantages.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
124.	55/30.4	107/59.1	162/89.5	12/6.6	7/3.9	0.0	7/3.9	4.16	4.00	.71	89.5	Positive

36. Redefinition of business units is carried out when deeply rooted hostility and mistrust between senior managers in the different business units become issues.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
125.	7/3.9	40/22.1	47/26.0	44/24.3	77/42.5	13/7.2	90/49.7	2.73	3.00	1.01	49.7	Negative

37. **Business unit redefinition is also carried out where there exists difficulty in allocation of costs and revenues to the business units.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
126.	5/2.8	73/40.3	78/43.1	53/29.3	46/25.4	4/2.2	50/27.6	3.16	3.00	.91	27.6	Negative

38. **The SBUs/CSUs are responsible for their individual competitive business strategies.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
127.	19/10.5	101/55.8	120/66.3	21/11.6	37/20.4	3/1.7	40/22.1	3.53	4.00	.99	66.3	Positive

39. **The SBUs/CSUs are allowed to compete amongst themselves or are encouraged to have a 'market-place' relationship.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
128.	10/5.5	79/43.6	89/49.1	26/14.4	58/32.0	8/4.4	66/36.4	3.14	3.00	1.07	36.4	Negative

40. **The SBUs/CSUs derive their products/financial targets from the corporate centre.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
129.	38/21.0	110/60.8	148/81.8	12/6.6	17/9.4	4/2.2	21/11.6	3.89	4.00	.92	81.8	Positive

41. **The strategic business units of NNPC are better off if independent.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
130.	61/33.7	80/44.2	141/77.9	22/12.2	16/8.8	2/1.1	18/9.9	4.01	4.00	.96	77.9	Positive

42. SBUs/CSUs are crafted after careful analysis of their likely impact on net value creation.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
131.	16/8.8	101/55.8	117/64.6	34/18.8	29/16.0	1/.6	30/16.6	3.56	4.00	.88	64.6	Positive

43. The SBUs/CSUs are managed for profit and margin and not volume and market share.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
132.	9/5.0	64/35.4	73/40.4	41/22.7	59/32.6	8/4.4	67/37.0	3.04	3.00	1.03	37.0	Negative

44. The SBUs/CSUs also operate through joint committees or staff groups to create synergy.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
133.	16/8.8	107/59.1	123/67.9	26/14.4	32/17.7	0.0	32/17.7	3.59	4.00	.88	67.9	Positive

45. The existence of certain SBUs/CSUs which report directly to the Group Managing Director exerts considerable influence on corporate-level strategy.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
134.	19/10.5	109/60.2	128/70.7	36/19.9	15/8.3	2/1.1	17/9.4	3.71	4.00	.81	70.7	Positive

Section C

Corporate Design

46. **Structural components of organization design as stated below attract the attention of the corporate parent:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
135. Goals	61/33.7	106/58.6	167/92.3	9/5.0	5/2.8	0.0	5/2.8	4.23	4.00	.668	92.3	Positive
136. Strategy	56/30.9	106/58.6	162/89.5	14/7.7	5/2.8	0.0	5/2.8	4.18	4.00	.685	89.5	Positive
137. Structure	53/29.3	109/60.2	162/89.5	13/7.2	6/3.3	0.0	6/3.3	4.15	4.00	.690	89.5	Positive
138. Work processes	34/18.8	107/59.1	141/77.9	25/13.8	15/8.3	0.0	15/8.3	3.88	4.00	.805	77.9	Positive
139. Work people	34/18.8	104/57.5	138/76.3	27/14.9	16/8.8	0.0	16/8.8	3.86	4.00	.822	76.3	Positive
140. Co-ordination	32/17.7	115/63.5	147/81.2	23/12.7	11/6.1	0.0	11/6.1	3.93	4.00	.738	81.2	Positive
141. Control	42/23.2	111/61.3	153/84.5	18/9.9	10/5.5	0.0	10/5.5	4.02	4.00	.745	84.5	Positive
142. Incentive mechanisms	39/21.5	102/56.4	141/77.9	21/11.6	19/10.5	0.0	19/10.5	3.89	4.00	.862	77.9	Positive

47. **The corporate centre design defines/promotes:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
143. The nature of relationship between SBUs/CSUs	48/26.5	107/59.1	155/85.6	18/9.9	8/4.4	0.0	8/4.4	4.08	4.00	.734	85.6	Positive
144. Key processes for collaboration	35/19.3	114/63.0	149/82.3	23/12.7	9/5.0	0.0	9/5.0	3.97	4.00	.722	82.3	Positive
145. Lateral and vertical linkages	34/18.8	109/60.2	143/79.0	28/15.5	10/5.5	0.0	10/5.5	3.92	4.00	.749	79.0	Positive
146. Arbitration in SBUs/CSUs disputes	34/18.8	82/45.3	116/64.1	46/25.4	17/9.4	2/1.1	19/10.5	3.71	4.00	.916	64.1	Positive

48. **The corporate parent from time to time monitors how well the organization designs are working.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
147.	43/23.8	102/56.4	145/80.2	23/12.7	13/7.2	0.0	13/7.2	3.97	4.00	.81	80.2	Positive

49. There is need for new level of management at the corporate centre to address SBU/CSU co-ordination issues.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
148.	31/17.1	74/40.9	105/58.0	30/16.6	42/23.2	4/2.2	46/25.4	3.48	4.00	1.09	58.0	Positive

50. The levels of parenting or managements at the corporate centre are:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
149. Too many	41/22.7	68/37.6	109/60.3	25/13.8	40/22.1	7/3.9	47/26.0	3.53	4.00	1.176	60.3	Positive
150. Adequate	16/8.8	50/27.6	66/36.4	54/29.8	55/30.4	6/3.3	61/33.7	3.08	3.00	1.032	33.7	Negative
151. Too few	2/1.1	9/5.0	11/6.1	53/29.3	82/45.3	35/19.3	117/64.6	2.23	2.00	.857	64.6	Negative

51. **The number of staff at the corporate centre is:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
152. Too many	63/34.8	58/32.0	121/66.8	29/16.0	27/14.9	4/2.2	31/17.1	3.82	4.00	1.131	66.8	Positive
153. Adequate	8/4.4	33/18.2	41/22.6	52/28.7	75/41.4	13/7.2	88/48.6	2.71	3.00	.992	48.6	Negative
154. Too few	4/2.2	11/6.1	15/8.3	41/22.7	91/50.3	34/18.8	125/69.1	2.23	2.00	.900	69.1	Negative

52. **The number of staff at the corporate centre is justified with clear value-added rationale.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
155.	8/4.4	28/15.5	36/19.9	39/21.5	82/45.3	24/13.3	106/58.6	2.52	2.00	1.05	58.6	Negative

53. **The corporate parent function encourages development of specialist expertise relevant to execute the parenting propositions detailed in Q3 on page 2.**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
156.	12/6.6	76/42.0	88/48.6	49/27.1	41/22.7	3/1.7	44/24.4	3.29	3.00	.95	24.4	Negative

54. **The NNPC's organization structure encourages:**

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
157. Duplication of functions	32/17.7	82/45.3	124/63.0	21/11.6	39/21.5	7/3.9	46/25.4	3.51	4.00	1.128	63.0	Positive
158. Redundancy of personnel	27/14.9	81/44.8	108/59.7	29/16.0	35/19.3	9/5.0	44/24.3	3.45	4.00	1.113	59.7	Positive
159. Large overhead costs	52/28.7	85/47.0	137/75.7	16/8.8	19/10.5	9/5.0	28/15.5	3.84	4.00	1.106	75.7	Positive
160. Contradictory parenting influences	34/18.8	64/35.4	98/54.2	41/22.7	35/19.3	7/3.9	42/23.2	3.46	4.00	1.118	54.2	Positive
161. A value creating headquarters	9/5.0	58/32.0	67/37.0	50/27.6	56/30.9	8/4.4	64/35.3	3.02	3.00	1.005	35.3	Negative
162. Properly selected strategies that reduce inefficiency and ineffectiveness	6/3.3	48/26.5	54/29.8	52/28.7	68/37.6	7/3.9	75/41.5	2.88	3.00	.958	41.5	Negative
163. Co-ordinated linkage techniques that increase the efficiencies of SBUs/CSUs and the corporate Parent	11/6.1	53/29.3	64/35.4	44/24.3	70/38.7	3/1.7	73/40.4	2.99	3.00	.997	40.4	Negative
164. Capacity maximisation of subsidiaries and parenting opportunities	7/3.9	55/30.4	62/34.3	48/26.5	65/35.9	6/3.3	71/39.2	2.96	3.00	.977	39.2	Negative
165. A well selected portfolio	2/1.1	55/30.4	57/31.5	60/33.1	55/30.4	9/5.0	64/35.4	2.92	3.00	.922	35.4	Negative
166. Information communication technology initiatives	12/6.6	70/38.7	82/45.3	44/24.3	50/27.6	5/2.8	55/30.4	3.19	3.00	1.004	30.4	Negative

55. The corporate or organization design encourages:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
167. Distinctiveness of skills/functions	16/8.8	105/58.0	121/66.8	33/18.2	25/13.8	2/1.1	27/14.9	3.60	4.00	.874	66.8	Positive
168. Complementarity of business units	11/6.1	110/60.8	121/66.9	35/19.3	23/12.7	2/1.1	25/13.8	3.58	4.00	.830	66.9	Positive
169. Value creating responsibilities	15/8.3	100/55.2	115/63.5	41/22.7	23/12.7	2/1.1	25/13.8	3.57	4.00	.858	63.5	Positive
170. Knowledge and competence pool to discharge the corporation's strategy	20/11.0	104/57.5	124/68.5	30/16.6	23/12.7	4/2.2	27/14.9	3.62	4.00	.920	68.5	Positive

56. The following design options are blended in the NNPC organization structure.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
171. Simple	9/5.0	71/39.2	80/44.2	50/27.6	47/26.0	4/2.2	51/28.2	3.19	3.00	.953	28.2	Negative
172. Divisional	25/13.8	125/69.1	150/82.9	23/12.7	7/3.9	1/.6	8/4.5	3.92	4.00	.682	82.9	Positive
173. Functional	21/11.6	116/64.1	137/75.7	32/17.7	11/6.1	1/.6	12/6.7	3.80	4.00	.741	75.7	Positive
174. Matrix	12/6.6	65/35.9	77/42.5	81/44.8	20/11.0	3/1.7	23/12.7	3.35	3.00	.827	12.7	Negative
175. Network	12/6.6	70/38.7	82/45.3	67/37.0	28/15.5	4/2.2	32/17.7	3.32	3.00	.893	17.7	Negative
176. Task Force	12/6.6	86/47.5	98/54.1	54/29.8	26/14.4	3/1.7	29/16.1	3.43	4.00	.877	54.1	Positive
177. Committee	18/9.9	114/63.0	132/72.9	35/19.3	13/7.2	1/.6	14/7.8	3.75	4.00	.754	72.9	Positive

57. The Board of the NNPC has clearly spelt out:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
178. Functions	39/21.5	88/48.6	127/70.1	26/14.4	27/14.9	1/.6	28/15.5	3.76	4.00	.976	70.1	Positive
179. Limits of authority	48/26.5	108/59.7	156/86.2	16/8.8	9/5.0	0.0	9/5.0	4.08	4.00	.741	86.2	Positive

58. The information and communication technology encourages flat organization structure in NNPC.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
180.	6/3.3	50/27.6	56/30.9	70/38.7	48/26.5	7/3.9	55/30.4	3.00	3.00	.91	30.4	Negative

Section D

Influence of Government over NNPC

59. The NNPC is affected by the impact of regulatory lifecycle of political environments.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
181.	106/58.6	62/34.3	168/92.9	11/6.1	2/1.1	0.0	13/7.2	4.50	5.00	.66	92.9	Positive

60. The corporate centre devises monitoring techniques to manage the political and social pressures that bear upon it.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
182.	22/12.2	71/39.2	93/51.4	43/23.8	40/22.1	5/2.8	45/24.9	3.36	4.00	1.04	51.4	Positive

61. Government's control over the NNPC affects the following corporate parenting roles:

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
183. Basic corporate governance duties	73/40.3	80/44.2	153/84.5	12/6.6	14/7.7	2/1.1	16/8.8	4.15	4.00	.928	84.5	Positive
184. Parent activities that add value to the SBUs/CSUs	61/33.7	79/43.6	140/77.3	20/11.0	17/9.4	4/2.2	21/11.6	3.97	4.00	1.013	77.3	Positive
185. Centralised shared services	51/28.2	83/45.9	134/74.1	24/13.3	20/11.0	3/1.7	23/12.7	3.88	4.00	.998	74.1	Positive

62. Appointment of members of the corporate parent (from General Managers and above) by Government affects negatively the performance of the NNPC.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
186.	63/34.8	70/38.7	133/73.5	35/19.3	13/7.2	0.0	13/7.2	4.01	4.00	.91	73.5	Positive

63. Government's appointment of the strategic leader influences his style of leadership and management.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
187.	85/47.0	71/39.2	156/86.2	18/9.9	7/3.9	0.0	7/3.9	4.29	4.00	.80	86.2	Positive

64. Government's ownership and control of the NNPC affect the corporate parenting propositions listed in Question 3.

	Strongly Agree	Agree	SA+A	Undecided	Disagree	Strongly Disagree	D+SD	M	Md	Sd	Cm%	Effect
188.	75/41.4	81/44.8	156/86.2	21/11.6	4/2.2	0.0	4/2.2	4.25	4.00	.75	86.2	Positive