

Original Research Article

VALUE MANAGEMENT AND PERFORMANCE IN SELECTED OIL AND GAS COMPANIES IN SOUTH-SOUTH, NIGERIA.

Abstract

Every day, employees at all organization levels in the oil and gas industry in Nigeria make decisions that affect their company's values-yet the link between these decisions and change in company value is often not made. This prompted the study to ascertain the extent of relationship that exists between Value Management and performance of these oil companies. The study specifically seeks to identify the extent to which business value contributions relate to social responsiveness of these selected oil and gas companies in South-South Nigeria. The research question and hypothesis were formulated in line with the specific objective. Survey research design was utilized for the study. Analysis of variance and simple regression analysis were used for hypothesis testing. The finding shows that there is a significant positive relationship between business value contribution and social responsiveness of these oil companies. The study identified Value Management as a critical factor in maintaining harmony in the host environment. The study recommended that the management of these oil companies should train staff on the current use of VM tools to ensure optimal performance in social responsiveness to their host communities.

Keywords: *Value Management, Performance, Business Value Contribution and Social Responsiveness.*

1. Introduction

Every day, employees at all organizational levels in the oil and gas industry in Nigeria make decisions that affect their company's values yet the link between these decisions and change in company value is often not made. Without this link, oil and gas companies cannot be sure that the decisions being made are increasing value which is the single measure of company's success (Mzera, 2012). These are:- a philosophy that puts value creation at the centre of operational decision making and a process that links day-to-day management with strategic objectives.

Dwindling oil prices and global recession have created new challenges and opportunities for both upstream and downstream players ride out the storm and emerge stronger. The increasing customers' demands for flexibility all at lower costs have generated a new trend in the global oil and gas industry. (Onyeizugbe and Ossai, 2016).

38 Therefore securing a competitive edge in the current global competition is
39 becoming increasingly difficult for these companies. Consequently many oil
40 and gas companies in Rivers State find it difficult to live up to their social
41 responsibility as it is becoming tough for them to catch up with the current
42 challenges (Onyeizugbe et al, 2016).

43 Hamidi (2006) posits that value management (VM) is one of the initiatives that
44 many organizations have been trying to adopt to remain competitive in an
45 increasingly intensive global market-value management is a service which
46 maximizes the functional development from concept to completion, through
47 the comparison and audit of all decisions against a value system determined
48 by a client or customer (Hamidi, 2016). Value management can also be
49 defined as a systematic, proactive, problems solving management system that
50 maximizes the functional value of a project by managing its development from
51 concept stage to operation stage of the product through multidisciplinary value
52 team (Fong, Edie and Cheng, 2001). For a company to be performing, it must
53 be in a position to match its internal resources to the demands of its external
54 environment and in particular its markets and customer expectations of
55 increasing value creation (Johnson and Scholes, 1993). No company is going
56 to survive by history and build the future on historical strengths and therefore
57 organizations need to continuously improve their performance in order to beat
58 competition and dynamism of the business world. There are many
59 management approaches nowadays which can improve organizational
60 performance but VM is different from all these because it aligns all business
61 process to the goal of creating value. This study seeks to identify the extent to
62 which value management relates to performance of selected oil and gas
63 companies using Rivers State as area of study.

64 The oil and gas industry in Nigeria plays a vital role in the country's economic
65 development in terms of foreign exchange government revenue and provision
66 of employment and business opportunities. However this industry in Rivers
67 State in the past years, has witnessed a sluggish growth. Further the
68 profitability and investment of this industry have not increased significantly and
69 flourishing of new business in this sector has been on the decline. The main
70 reason for such a state of affairs of oil and gas industry seems to be linked to
71 inability of some of these companies to create value in the environment in
72 which they operate in. This had led to reduction in oil prices, economic
73 sabotage by oil bunkering and destruction of pipelines by the militants in the
74 Niger Delta. This problem has caused many oil companies in Rivers State to
75 close up. These companies seem to lack the requisite skills on improving the

76 business value contribution in creating value to the host communities and
77 clients.

78 Pursuant to the above stated problem, the study seeks to ascertain the extent
79 of relationship that exists between value management and performance in
80 selected oil and gas companies by identifying the VM tool that can enhance
81 the performance of these companies.

82 The general objective of the study is to identify the extent of relationship that
83 exists between value management and performance in selected oil and gas
84 companies in Rivers State. The study specifically seeks to ascertain the extent
85 to which business value contribution relates to value creation in terms of social
86 responsiveness of these selected companies in Rivers State.

87 **Research Question**

88 This research questions was formulated to guide the study;

- 89 1. To what extent does business value contribution relates to value
90 creation.

91 **Hypothesis**

92 This hypothesis was stated to guide the study:

- 93 H_{a1}: There is a significant positive relationship between business value
94 contribution and social responsiveness in selected oil and gas
95 companies in Rivers State.

96 **Scope of the Study**

97 The study is delimited to value management and performance in selected oil
98 and gas companies in Rivers State. Value management will be evaluated in
99 terms of business value contribution and performance for value creation in
100 terms of social responsiveness of the oil and gas companies. The companies
101 selected for the study were three (3) out of twelve (12) oil and gas companies
102 currently operating in Rivers State. The companies selected for the study were
103 south Atlantic Petroleum (SAPETRO), Sterling Oil Exploitation & Energy
104 Productive Nigeria Limited, Agip Energy and Natural Resources.

105 **2. REVIEW OF RELATED LITERATURE**

106 **2.1 Conceptual Review**

107 **2.1.1 Value Management**

The basic concept of value can be traced back to 19th century Economic Theory which pioneered the idea of residual income. However the term VM was not used until the mid 1990's by authors such as (MC Taggart, James, Peter, Knotes and Michael, 1994). MC Taggart (1994) defines VM as a formal systematic approach to managing value creation and shareholder value over long time.

VM is also an approach to management whereby the company's overall aspirations, analytical techniques and management processes are all aligned to help the company maximize its value by focusing decision-making on the key drivers of value (Copeland, Koller and Murrin, 2000).

Value management became popular in the mid 1980's when Rapport published his seminar text, "creating shareholder value-the new standard for business performance. Value-based management theoretically involves a shift away from the use of Traditional Accounting Measures such as Earnings Per Share (EPS) and rate of Return on Equity (ROE) which are argued by the proponents of VM to offer an unreachable guide to "shareholder value creation". Companies should adopt a number of alternative measures like Economic Value Added (EVA), Cash Flow Return on Investment (CFRO), Rate of Return on Investment (ROI) and Discounted Free Cash Flow Valuation (DCF) that are intended to provide "a calculating machine" consistent with the principles of economic income. (Copeland et al, 2000).

Ansoff and Sullivan (1993) have listed some of the prescriptions for optimizing profitability such as; strategic planning, back to the basics, emerging strategy, logical instrumentation, stick to knitting, return to core business and put customers first.

Fong, Eddie and Chenge (2001) posit that VM is a systematic process that aims to create the best value for project on the basis that the project factions must be achieved.

Kelly and Male (2001) view VM as a proactive, problem solving management system that maximizes the functional value of a project by managing its development from concept stage to operation state of a project through multidisciplinary value team.

Kelly and Male (2001) identify three elements of value-based management as;

1. Creating Value – how a company can increase or generate maximum future value. More or less equal to strategy.

- 143 2. Managing for Value – Governance, change management,
144 organizational culture communication and leadership.
- 145 3. Measuring Value – Value-based management is dependent on the
146 corporate purpose and the corporate values. The corporate purpose
147 can either be economic (shareholder value) or can also aim at other
148 constituents directly (stakeholder value). This study tends to focus on
149 the stakeholder value.

150 2.1.1 Value Management Life Cycle

151 Fong et al, (2001) identify, the stages of Value Management life cycle that can
152 accelerate the pace of performance in organizations as:

- 153 1. Discovery Phase
 - 154 • Benchmark performance
 - 155 • Clarify initiatives with defined success metrics communicated
156 through a robust business case.
 - 157 • Ensure that executives are accountable for outcomes.
- 158 2. Realization Phase
 - 159 • Drive project prioritization based on value throughout the
160 implementation.
 - 161 • Design processes for value
 - 162 • Build management visibility into the project design.
- 163 3. Optimization Phase
 - 164 • Institutionalize VM capabilities across the portfolio
 - 165 • Foster performance-based thinking; make success visible.
 - 166 • Enable management visibility and discipline

167 2.1.2 Benefits of Value-based Management

- 168 • Can maximize value creation consistently
- 169 • It increase corporate transparency
- 170 • It helps organizations to deal with globalized and deregulated capital
171 markets.
- 172 • Aligns the interests of top managers with the interests of shareholders
173 and stakeholders.
- 174 • Facilitates communication with investors. Improves internal
175 communication about the strategy.
- 176 • Prevents under valuation of the stock
- 177 • If sets clear management priorities
- 178 • Facilitates to improve decision making.

- 179 • It helps to balance short-term, middle-term and long-term trade offs
- 180 • Encourages value-creating investments
- 181 • Improves the allocation of resources
- 182 • Streamlines planning and budgeting
- 183 • It sets effective targets for compensation
- 184 • Facilitates the use of stocks for mergers or acquisitions
- 185 • Prevents turnover
- 186 • It helps to better manage increased complexity and greater uncertainty
- 187 and risk.

188 **2.1.3 Business Value Contribution**

189 In management, business value is an informal term that includes all forms of
 190 value that determine the health and well being of the firm in the long run.
 191 Business value expands concepts of value (also known as economic profit,
 192 economic value added, and shareholder value) to include other forms of value
 193 such as employee value, customer value, societal or community value,
 194 supplier value, channel partner value, alliance partner value and managerial
 195 value. Many of these forms of values are not directly measured in monetary
 196 terms (Sliger and Broderick, 2008).

197 The concept of business value contribution is aligned with the theory that a
 198 firm is best viewed as a network of relationship both internal and external.
 199 These networks are sometimes called a network or value Chain
 200 (Sward, 2006). Each node in the network could be a stakeholder group, a
 201 resource, an organization, end-customer, interest groups, regulators or the
 202 environment itself. In a value network, value creation is viewed as a
 203 collaborative, creative, synergistic process rather than purely mechanistic or
 204 as a result of command and control (Sliger and Broderick, 2008; Sward,
 205 2006).

206 **2.1.4 Components of Business Value**

207 The components of business value as listed by Sliger and Broderick, 2008;
 208 Sward, 2006) are;

- 209 • Shareholder value: For a publicly traded company, shareholder value is
 210 the part of its capitalization that is equity as opposed to long-term debt.
 211 One type of stock would be estimated with the number of outstanding
 212 shares times current share price. Dividends augment shareholder value
 213 while issuing of shares lower it that is stock options lower it. This
 214 shareholder value added should be compared to average/required

- 215 increase in value, also known as cost of capital for private companies,
 216 the firm's value can be computed using valuation methods like
 217 discounted cash flow.
- 218 • Customer value: This is the value received by the end-customer of a
 219 good or service. These customers include a single individual or an
 220 organization with various individuals playing different roles in the
 221 buying/consumption processes. This can be measured as utility, quality,
 222 benefits and customer satisfaction.
 - 223 • Employee knowledge: This is mostly undervalued and also the area
 224 where there is the most discord in reporting. Employees are the most
 225 valuable asset organizations possess.
 - 226 • Channel partner value: This can be critical to a firm's functioning. It
 227 stops to exist if partner value is diminished or lost.
 - 228 • Supplier value: The suppliers also add or create value for the
 229 organizations
 - 230 • Managerial value: Managers should follow the principle of system value
 231 and people oriented principle.
 - 232 • Societal value: The organizations should follow or adopt several values
 233 toward society or communities they carry out their operations. These
 234 social values include the provision of hospitals, schools, employment,
 235 environmental, protection and other programmes that will impact
 236 positively on the host communities. This component is one of the
 237 focuses of this study.

238 **2.1.5 Social Responsiveness**

239 The European Commission defined Social Responsiveness in 2006 as a
 240 concept whereby companies integrate social and environmental concerns in
 241 their business operations and in their interaction with their stakeholder on a
 242 voluntary basis (Kaufmann and Olaru, 2012). Today's consumers hold
 243 companies to a high standard. Eighty-four (84%) of global consumers also
 244 said they seek out responsible products whenever possible (Post, 2017).
 245 Recognizing how important social responsibility is to their customers, many
 246 companies now focus and practice a few broad categories of corporate social
 247 responsibility (CRS). They are as stated by Post (2017):

- 248 • Environment efforts: Green energy usage eco-friendly activities.
- 249 • Philanthropy: Donating to national and local authorities
- 250 • Ethical labour practices: Treating employees fairly and ethically.

- Volunteering: By doing good deeds without expecting anything in return, companies are able to express their concern for specific issues and support for certain organizations.

Social responsiveness is an organizations obligation to contribute to their community or country in a way that makes the quality of life and environment better for those around them.

2.2 Theoretical Framework

This study is anchored on Porter's Value Chain Framework. Porter (1985) analyzes value creation at the firm level. Value chain analysis identified the activities of the firm and then studies the economic implications of those activities. It includes four steps: (i) defining the strategic business unit (ii) identifying critical activities (iii) defining products and (iv) determining the value of an activity. The main questions that the value chain framework addresses are as follows: (i) what activities should a firm perform, and how? and (ii) what is the configuration of the firm's activities that would enable it to add value to the product and to compete in its industry. Value chain analysis explores the primary activities, which have a direct impact on value creation, and support activities which affect value only through their impact on the performance of the primary activities. Primary activities involve the creation of physical products and include inbound logistics, operations, outbound logistics, marketing and sales and service.

This theory is relevant to the study in that the oil and gas companies in Rivers State should study the economic and social activities of their company and evaluates the level of value creation to the host communities they carry out their operations in.

2.3 Empirical Review

These are some of the empirical studies carried out by different authors. They are reviewed below:

Mzera (2012) carried out a study on the effect of strategic value-based management on the performance of organizations in coast province, Kenya. The study was based on a survey of 70 managers of classified hotels in Mombasa and was relating the performance of these hotels to the probability of using value-based management visa vis not using value-based management through regression analysis. The findings indicated that value-

286 based management had a significant positive relationship with the
287 performance of the hotels.

288 Khalid, Ibrahim and Raed (2015) in their study on key performance indicators
289 for value management in Saudi Construction Industry. A list of 55 initial
290 performance criteria classified within three main groups have been identified
291 by literature and interviews with VM experts: A survey for 119 of Practitioner
292 Engineers in Saudi Construction Industry has also been done. They key
293 performance indicators have been identified to play a big role in measuring the
294 performance of value management in Saudi Industry.

295 Oane, Smolag; Marinescu and Szopa (2015) using theoretical approach
296 studied value-based management as the innovating paradigm of
297 contemporary governance. The findings showed that indicator systems
298 developed under value management became irreplaceable sources of
299 information to ensuring long-term performance.

300 Wyk and Smith (2008) studied value-based management and its application in
301 developing value maximizing strategies at Anglo Platinum. The study adopted
302 descriptive methodology and found out that VM ensures alignment of
303 objectives and established a common language, standards and processes to
304 align decisions and actions. Companies who made explicit commitments to
305 value improvement targets improved their performance.

306 Brenda and Dina (2002) carried out a study on evolution and implementation:
307 A study of values, business ethics and corporate social responsibility.
308 Correlational analysis was used and the study identified the links among
309 values, ethics and corporate social responsibility as they are incorporated into
310 the culture and management of the two organizations studied.

311 Ezezue (2015) in a study on value management in Nigeria manufacturing
312 companies: Challenges and prospects. The study surveyed 6000 top, middle
313 and lower level management staff of twenty selected manufacturing
314 companies drawn from five states in South East, Nigeria. The results showed
315 that inadequate orientation and focus on VM principles impeded the success
316 of VM and performance in these companies.

317 Ezigbo (2011) using primary data conducted a study on customer service and
318 business value contribution in manufacturing companies in Nigeria. The data
319 was analyzed with Pearson Product Moment Correlation. The findings
320 indicated that customer service significantly relates positively with business
321 value contribution.

Wenpin and Sumantra (1998) studied social capital and value creation: The role from multiple respondents in all the business units of a large multinational electronics company. Social interaction, a manifestation of the structural dimension of social capital and trust, a manifestation of its relational dimensional, were significantly related to the extent of interunit resource exchange, which in turn had a significant effect on product innovation.

Artur, Karan, Craven and Gudrun (2003) in a study on performance consequences of brand equity management: evidenced from organizations in the value chain. It was found out that organizations in the value chain performed improvably. Data was analyzed with regression analysis.

Mold and Zulkamin (2014) carried out a study on impact of value management on the business growth using four plastic manufactory firms. The data was analyzed with Z-test and the findings revealed that VM has influence on business growth of these firms.

Empirical reviews showed that the studies of Khalid et al, 2005; Oane et al, 2015; Wyk and Smith, 2008; Brenda and Dina (2002); Ezezue (2015), Ezigbo (2011); Wenpin and Sumantra (1998), Artur et al, 2003; Mold and Zulkamin (2014) revealed that value management significantly improved the performance of organizations studied.

The research lacuna expressly showed that the studies from other authors did not focus on business value contribution and social responsiveness of oil and gas companies in Nigeria. This study fills that gap by studying the extent of relationship that exists between value management and performance of selected oil and gas companies in Rivers State of Nigeria.

3. METHOD

The study adopted survey research design. The research design enabled the study to determine the opinions of the respondents on Value Management towards the performance of oil and gas companies in Rivers State. The data collected was used in testing hypothesis and making generalization on the population based on the findings from the sample.

Primary data is the source of data for this study. The data were collected using structured questionnaire built on a Five-point Likert scale. Copies of questionnaire were administered to the respondents.

The total population includes all the oil and gas companies in Rivers state. The study population of two thousand, three hundred and ninety five (2395)

357 were drawn from the total population of nine thousand, eight hundred and
358 thirty seven (9837).

359 **Table 1: Total Population of Oil and Gas Companies Operating in Rivers**
360 **State**

S/N	COMPANY NAME	NO. OF EMPLOYEES
1	Shell Petroleum Company of Nigeria (SPDC)	1638
2	Total E and P Nigeria Limited (TEPNG)	1164
3	Nigeria Liquefied National Gas Limited (NLNG)	1342
4	Nigeria Agip Oil company (NAOC)	1053
5	Mobil Producing Nigeria Limited (MPN)	1840
6	Chevron Nigeria Limited (CNL)	2410
7	Addax Petroleum Nigeria	177
8	Nigeria Agip Energy and Natural Resources (NAE)	41
9	South Atlantic Petroleum (SAPETRO)	45
10	Statoil Nigeria Limited (SNL)	17
11	Sterling Oil Exploration and Energy Production Company Limited	81
12	Petroleum Brasileiro Nigeria Limited (PEROBRAS)	29
Total		9837

361 **Source:** Field Survey, 2017.

362 **Table 2: Study Population**

S/N	COMPANY NAME	NO. OF EMPLOYEES
1	Nigeria Liquified Natural Gas Limited (NLNG)	1342
2	Nigeria Agip Oil Company	1053
Total		2396

363 **Source:** Field Survey, 2017

364 Two oil and gas companies were selected from the total of 12 operating oil
365 and gas companies in River State.

366 The study relied on the table of random numbers of probabilistic sampling
367 technique which gave each item of the population equal and independent
368 chance of being included in the sample. Then the sample size was determined
369 using the Taro Yamene formula. The computation is shown below:

$$370 \quad n = \frac{N}{1 + N(e)^2}$$

372 Where n = sample size

373 N =Population size

374 e = error limit (0.05)

$$375 \quad N = \frac{2395}{1 + 2395(0.05)^2}$$

376 $1 + 2395(0.05)^2 = 400$

377 Bowley's proportionate allocation formula was used to determine copies of
378 questionnaire to be distributed to each company. The computation is shown
379 below:

380 $Nh = n(nh)/N$

381 Where: Nh = number of units to be distributed to each group

382 nh = number of respondents in each group

383 n = total sample

384 N = total population

385 NLNG

386 $Nh = 400(1342)/2395 = 224$

387 AGIP Oil Company

388 $400(1053)/2395 = 176$

389 The study adopted content validity where expert judges were carefully
390 selected in the field of statistics and top management level. They were given
391 the instrument and asked to rate the instrument independently as "strongly
392 relevant to the construct". Then after collecting the instrument from the judges,
393 the decision rule was applied which states that only the items in the instrument
394 which the entire expert judges independently certify "strongly relevant to the
395 construct" should be retained while the ones that fail this test should be
396 dropped. This approach enabled the study to share the opinions of the experts
397 and therefore certified this instrument fit to elicit the actual responses and
398 measure what it is supposed to measure.

399 The study adopted split-halves method. A pilot study involving 30 participants
400 was used. The responses of the participants based on the questions from the
401 instrument were divided into two equal halves by assigning the odd numbers
402 items to one half and even numbers items to the other half of the test.

403 **Table 3: Reliability Test Table**

S/N	Pre-test	Post-test	d	d ²
1	30	29	2	4
2	30	29	1	1
3	29	28	1	1
4	29	28	1	1
5	30	29	1	1
6	29	27	2	4
7	30	29	1	1

8	30	28	2	4
9	30	29	1	1
10	30	29	1	1
Correlation between the two halves				19

$$r_s = 1 - \frac{6\sum d^2}{N^3 - N}$$

$$= 1 - \frac{6 \times 19^2}{30^3 - 30} = 0.91$$

Applying Spearman Brown Prophecy Formula

$$PXX'' = 2PXX' / 1 + PXX'$$

Where PXX' = the reliability coefficient for the whole test

PXX' = the split half coefficient for the whole test

PXX' = the split half coefficient

$$= \frac{2(0.91)}{1+0.91} = 0.9$$

This certifies that the instrument is reliable

The analysis of variance and simple regression Analysis were used in testing the hypothesis to establish the level of relationship/ difference that exists between the dependent and independent variables.

4. Data Presentation and Analysis

Out of 400 copies of questionnaire distributed, 354 returned the copies of questionnaire showing 88.5% response rate.

Table 4: Analysis of Research Question

S/N	Question	Mean	Standard deviation	N
Business value contribution				
1	My organization reacts quickly to clients where there are complaints	4.48	.991	354
2	My company embarks on production process that reduces cost of production	4.41	1.029	354
3	The departments in my company work towards generating ideas that will add value to our business	4.54	1.126	354
4	My company makes use of standard equipment in production processes in order to produce durable products	4.88	.522	354
5	We work in teams to ensure that we add value	4.14	.556	354

to our production process and output

Social Responsiveness

6	My company responds promptly to community agitations on their social needs	4.23	.847	354
7	My company explores any available means to control gas flaring in the host communities	4.71	.854	354
8	Management of my organizations gives employment opportunities to the host communities.	4.62	.972	354
9	My company builds infrastructure like hospitals, schools, roads in the host communities	4.87	.474	354
10	We do not wait for youth restiveness before we provide them with social amenities	4.70	.793	354

In the analysis of research questions, it showed the respondents mean values are more than 3 each of the decision value. This reveals that a business value contribution is one of the indicators of social responsiveness.

Hypothesis Testing

There is a significant positive relationship between business value contribution and social responsiveness of selected oil and gas companies in Rivers state.

Table 5: ANOVA Table for Simple Regression Result for the Hypothesis

Model	Sum of squares	df	Mean square	f	Sig
Regression	13.992	1	13.992	59.875	0.000
Residual	82.259	352	.234		
Total	96.251	353			

Source: Field Survey, 2017

Table 5 result above reveals that f-calculated value of 59.875 is greater than f-critical table value of 3.85 at 0.05 level of significance and at 1 degree of freedom. Null hypothesis is rejected and alternate hypothesis accepted which states that there is a significant positive relationship between business value contribution and social responsiveness of these companies.

Table 6: Model Summary for Test of the Hypothesis

Model	R	R-square	Adjusted R-square	S.E of estimate
1	.381 ^a	.145	.143	.483

Source: Field survey, 2017

Table 6 is the model summary. It shows how much of the variance in the social responsiveness of these companies that is explained by business value contributions. In this case, the R-square value of .145 and an Adjusted R-square value of .143 means business value contributions explains 14.3% variance in social responsiveness of these oil companies in Rivers State.

5. Discussion of Findings

The finding from the hypothesis supports the views of Mzara (2012), Khalid et al, 2005; Oane et al, 2015; Wyk and Smith (2008), Brenda and Dina (2002); Ezezue (2015); Ezigbo (2011); Wen Pin and Sumentra (1998); Artur et al, 2003; Mold and Zuikamin (2004). The authors' findings support the study's findings that Value Management significantly relates to performance of these selected Oil and Gas companies in Rivers State significantly.

The findings revealed that the calculated value of 59.875 is greater than F-critical table value of 3.85 at 0.05 level of significance and 1 degree of freedom. Alternative hypothesis was accepted. The results revealed that R-square value of .145 and an Adjusted R-square value of .143 means business value contribution explains 14.3% variance in social responsiveness of these oil companies.

5.1 Conclusion

Identifying the extent to which business value contributes to creating value in terms of social responsiveness helps the oil and gas companies to evaluate VM for optimal performance. Value management plays a very big role in maintaining harmony in the host environment.

5.2 Recommendations

Based on the findings, the following policy recommendations were made:

1. The oil and gas companies in Rivers State should vigorously implement value-based management so as to improve performance in every area of their organization.
2. The companies should realign the value management strategies with maintaining social harmony in the environment
3. Managers ought to train staff on the use of VBM tools in order to be able to measure their performance on social responsiveness to their host communities.

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APPENDIX 1

S/N	Question	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree
1	My organization reacts quickly to clients where there are complaints					
2	My company embarks on production process that reduces cost of production					
3	The departments in my company work towards generating ideas that will add value to our business					
4	My company makes use of standard equipment in production processes in order to produce durable products					
5	We work in teams to ensure that we add value to our production process and output					
6	My company responds promptly to community agitations on their social needs					
7	My company explores any available means to control gas flaring in the host communities					
8	Management of my organizations gives employment opportunities to the host communities.					
9	My company builds infrastructure like hospitals, schools, roads in the host communities					
10	We do not wait for youth restiveness before we provide them with social amenities					

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