

Procurement Management and its Impact on the Performance of Oil and Gas Industry in Nigeria

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Abstract: This study aimed to establish how procurement management practices impact on performance of oil and gas producing firms in Nigeria. Ex-post survey approach was adopted for the study with emphasis on the use of secondary data sourced from financial statement of selected companies. The result of the study showed that there exists positive but insignificant relationship between procurement management practices performance of oils and gas companies in Nigeria with a coefficient value of 6.45 and sig. value of 0.589 which is higher than 0.05 level of significance. In conclusion, the study supports that when organization invest adequately in acquisition of assets, the evidence of such investments is a growth in the returns in the form of increased profits to the organization. The study recommend that there is a need to integrate the whole system and departments of companies in oil and gas industry in Nigeria in the procurement management process in order to have a balanced activities in the goals and focus of the departments. Furthermore, top management are also required to always communicate the future plans about assets procurement to all subsystem managers and heads of department to maintain a high level of goal congruency in their operation and to reduce rivalries that emanates from departmental evaluations.

Keywords: Procurement, Procurement Management Practices, Asset Procurement, Return on Capital Employed.

1. Introduction

1.1. Background to the study

Most Organizations around the world, are embarking on new approaches that would enable them reduce cost of doing business, so as to pay adequate

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attention to the area they have more comparative advantage and that would create more opportunity for the entity in view of high productivity, return on investment, payment of dividend to the shareholders, better remuneration to their staff and other welfare packages and the discharge of her social responsibilities. As a result of the above, organization management has undergone and has continued to undergo reform processes from time to time (Anowor&Agbarakwe, 2015).

Procurement is a strategy by which organizations and institutions reduces waste, allows for competitiveness, more efficient and effective ways of running both private and public institutions for the benefit of the stakeholders. There seem to be a consensus among scholars that procurement management entails building alliance and consistency of actions that corroborates wide range of objectives and robust strategy through which the mission of procurement function is fulfilled (Obodo, 2018; Aliyu, 2016; Muiga&Kwasira, 2016). Procurement management is an essential operations tool that includes budget control and finance management. It can be viewed as transformation of an organization's mission, goals and objectives into measurable activities which can be used in budget planning and managing the procurement function. The challenge as noted by Aliyu (2016) is that most organizations have not been able to apply the required procurement principles and practices that enhance the actualization of organizations 'set goals. This informs the assumption that situation such as this and others have the potentials to make organizations turn counter-productive and can also affect records procurement management practices such as records management, cost management, and relationship management.

Consequently, Procurement management function as argued by Muiga and Kwasira (2016) has increasingly recognized the advantages of strategic supply chain relationship that fosters competitiveness that generates positive effect on the firm's financial performance as well as business policy and strategic management. Strengthening this view, Aliyu (2016) contend that procurement has a long history, nevertheless its role as a strategic part of the organizational structure is recently identified. Procurement management is seen as a critical function of an organization with the potential to save cost, improve operational efficiency, sharing of best practices, enhance access to trusted supplier, and to improve quality of products/services Kwasira (2016) in their postulation supported the above as they assert that procurement has evolved from a transactional function to one that is contributing to the current and future health of organizations. The dynamics of procurement requires that attention must be given to procurement plans, selection of tenders, consideration of

comparative advantage, recognition of core competencies and expertise procurement cost consideration, various procurement prices and the likely procurement benefits which would make the organization a profitable one.

As the business environment keeps changing and becoming more complex, organizations search consistently for better means to remain relevant and competitive in their operations. Following the above statement, it therefore implies that end product/service delivery from firms to customers when they are needed and at a competitive price are imperative to ensure customers feel fair treatment. Since virtually every organization purchase goods and services to operate, supply chain has attracted more attention than before due to the massive potential that exist for improvement in gaining the competitive advantage thus reducing cost and better product or/and service performance.

This study is anchored on Resource Based View Theory. Not many scholars have researched on procurement management practices especially in the Nigeria oil and gas sector. This study therefore, sought to examine this contemporary issue, thereby creating a knowledge gap.

1.2. Statement of Problems

Nowadays, business activities are getting more competitive and challenging, making firms to expand their business operations using certain procurement plans and strategies in other to gain maximum return from capital invested. Manager of business entities especially those in oil and gas sector, needs to embrace all those practices that will improve their performance. Procurement is not new in Nigeria, but the way and manner in which it has been conducted lacked the best international practices. This is seen where very few of the companies in the oil and gas industry operate with high returns on their capital employed, while others have low returns and even operate at a loss. Upon all factors seen to be responsible for this ugly state of affair, low investment in asset procurement is seen to be the most paramount among others.

Hence the enactment by the National Assembly procurement act 2007 which took into consideration those factors that would make procurement to be integrity driven, efficient and profitable to the industry. Such factors include procurement plans, lowest evaluated responsive bid, sufficient fund in the annual budget of the oil and gas industry, open competitive bidding, economy or reduction of wastages and ethical business practices by the vendor and firm's managers. In the light of the above, it becomes very paramount to investigate the procurement management practices and its impacts on the performance of oil and gas industries in Nigeria.

1.3. Objective of the Study

The main purpose of this study is to investigate the procurement management practices and its impact of oil and gas industries in Nigeria. Specifically, the study seeks to;

1. Evaluate the effect of assets procurement on returns on capital employed of oil and gas industries in Nigeria.

1.4. Hypothesis

1. There is no significant relationship between asset procurement on return of capital employed.

2. Review of Related Literature

2.1. Concept of Procurement

Procurement management is seen as a critical function of an organization with the potential to save cost, improve operational efficiency, sharing of best practices, enhance access to trusted supplier, and to improve quality of products/services . Muiga and Kwasira (2016) in their postulation supported the above as they assert that procurement has evolved from a transactional function to one that is contributing to the current and future health of organizations.

Lyson and Farrington (2012), sees procurement as the process of acquiring goods, works and services covering both acquisitions from third parties and from in-house providers. The process spans the whole lifecycle from identification of needs, through to the end of the useful life of an asset. It involves options, appraisal and critical make or buy decision. According to the Tanzania Public Procurement Act 2005, procurement is defined as buying, purchasing, renting, leasing or otherwise acquiring any goods, works, services by a ministry, department or regional administration of the government or public body and includes all functions that pertain to the obtaining of any goods, works or services, including description of requirements, selection and invitation of tenders, preparation and award of contracts.

Procurement Management Practices

Procurement practices mainly entail the strategies followed when making procurement decisions. According to Sollish and Semanik (2012), procurement practices is described as the process of obtaining goods and services for a firm according to the set policies governing the selection of product, supplies and methods aiming to utilize sound business methods

which maximize the value of the organization and shareholder. In this context, element of excellence is tried to be fostered in the procurement strategies through developing new innovative technologies. Procurement functions are also ranked for determining which activities are significant or non-significant. Such determination helps in identifying activities that can be continued in future period or activities that need to be stopped for optimising performance (Wilson & Kuszewski 2011)

Procurement management practice include; Ensuring compliance with procurement laws and regulations, Cooperative supplier relations, Inventory management, Information sharing, Ensure adequate expertise, Effective communication and customer relations and Maintaining confidentiality, Continuously improving performance and innovation, Adopting information Technology, Using Standard documents in procurement process, Contract Management, Building Socially responsible and sustainable procurement Practice, Obtaining Competitive bids and separation of duties (Githaiga 2014). Implementing procurement best practices improves the effectiveness of procurement decision making. Procurement practices cut across all departments of them firms as it involves the putting into practice the knowledge the knowledge of sound management. It requires good governance of relations as well as personal initiative to comply with given rules and regulations.

Neef (2011) stated that procurement process is divided into two stages- upstream and downstream. The upstream stage of procurement process involves exploring oil and gas and extracting it safely while downstream stage of procurement process deals with refining, sales and distribution of oil and gas products. The procurement process at oil and gas industry is quite long and includes supplying the materials, arranging components/ equipment at different stages required for extracting, refining and distribution oil and gas products (Neef, 2011). The process of procurement is required to be performed with high deliberation for meeting global demands and providing quality solutions to customers.

Oil and Gas Sector in Nigeria

The Oil & Gas Sector has been recognized as an engine of development by the Government and its unprecedented progress is expected to further promote investment activities in the Country. The Government is providing an investment friendly atmosphere for the oil & gas sector to attract local and foreign investors. Although bedeviled by numerous challenges, this segment has appeared as one of the most attractive sectors for investment in the country. Among the main causes for the poor financial performance in oil and gas sectors are economic mismanagement and dishonesty.

Procurement in Oil & Gas in Nigeria According to Bower (2013), oil and gas companies of present world are focusing on developing sound strategies for responding quickly to global market needs and positioning strong position in marketplace. In this regard, sustainable procurement strategy is adopted now-a-days for reducing wastage, saving costs, improving competitiveness and developing sound reputation in marketplace. As a part of sustainable strategy, oil and gas companies have also started running and organizing various sustainable programmes like investing in local transportation networks for ensuring smooth and uninterrupted supply of oil and natural gas to different locations (Bower, 2013). Oil and natural gas industry emphasizes on operating and conducting business operations in the sustainable possible manner as a part of procurement strategy. It is required that suppliers behave responsibly and ethically complying with ethical standards and supplying raw material in the best possible manner.

Furthermore, it has also identified that high safety standards are formulated by the oil and gas companies for their suppliers (Hodgkinson, 2011). The existing suppliers are required to comply with the safety standards and principles for minimizing negative impact on environment and health and safety issues. Other aspects of procurement strategy include managing waste effectively and reducing carbon footprint through carefully choosing suppliers and improving working methodology of suppliers regularly. The procurement strategies adopted by oil and gas companies has become more comprehensive for offering new opportunities to suppliers, company, and buyers. The traditional relationship dimension between suppliers in the oil and gas companies and buyers is becoming more open, effective and shared yielding greater value for all participants (Wilson & Kuszewski 2011).

The oil and gas sector has grown significantly over last decade, making it important for the sector to implement serious changes in the way it does business.

The oil and gas sector has grown significantly over last decade, making it important for the sector to implement serious changes in the way it does business. Physical Asset procurement and Management is becoming an important critical aspect of operations management, especially in the Oil & Gas and Resources sectors. The biggest challenge facing the organizations in these sectors is the capacity and capability to implement the effectiveness of maintenance, repairs and operations (MRO), while concurrently reducing operating and capital cost. The efficiency and effectiveness of managing the physical assets helps to increase and achieve business profitability

Performance

The main aim of engaging in business is to consistently outperform competitors and deliver sustainable products, give superior values to shareholders or returns to the owners while satisfying other stakeholders. Performance is the measurement of what has been attained by the firm, which is an indicator of the good conditions for a period of time. The objectives of measuring performance are to obtain very useful information about flow of funds, the uses of firm finances, assets, their efficiency and effectiveness. Some of the indices used for measuring performance, are discussed below;

Return on Capital Employed

Capital employed refers to the amount of capital investment a business uses to operate and provides an indication of how a company is investing its money. Although capital employed can be defined in different contexts, it generally refers to the capital utilized by the company to generate profits. Return on Capital Employed (ROCE) ratio is commonly used to measure a company's profitability and efficiency of capital use. While Return on capital employed, or ROCE, is a long-term profitability ratio that measures how effectively a company uses its capital. $\text{Capital Employed} = \text{Total Assets} - \text{Current Liabilities}$

Where:

- **Total Assets** are the total book value of all assets.
- **Current Liabilities** are liabilities due within a year.

$\text{Capital Employed} = \text{Fixed Assets} + \text{Working Capital}$

Where:

- **Fixed Assets**, also known as capital assets, are assets that are purchased for long-term use and are vital to the operations of the company. Examples are property, plant, and equipment (PP&E).
- **Working Capital** is the capital available for daily operations and is calculated as current assets minus current liabilities.

Return on Assets

Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. ROA is calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. The ROA formula is a straight forward calculation, and its component parts are easily located on a company's financial statements.

The ROA ratio often called the return on total assets is a profitability ratio that measures the Net Income produced by total assets during a period by comparing Net Income to the average total assets. ROA is an indicator of how a business manages existing assets when generating earnings.

2.2. Theoretical Framework

The anchored theory for this study is the Resource-Based view theory which will be discussed in details.

Resource-Based View Theory

The resource-based view is an interdisciplinary approach in that it has been built within the disciplines of economics, ethics, law, marketing strategy, procurement management and general business (Hunt (2013) cited by Wikipedia (2019)). Scholars assert that resource-based view theory represent a new paradigm, although it has origins in Recardian and Penrosian economic theories that firms can gain sustainable exceptional returns if they have superior resources and are shielded by some of the isolating mechanism that prevent them from spreading across the industry (Barney, 1991). The theory described the strategic resources that an organization can exploit to achieve sustainable competitive advantage (Barney, 1991). These resources are heterogeneous and imperfectly mobile, and the key management tasks are the awareness and arrangement of resources for sustainable competitive advancement (Kenton, 2019). Hence, it requires a great deal of managerial effort to develop, cultivate and retain key resources, invest in organizational learning to build on resources and skills, create specific core competencies to allow them to outperform competitors by doing things differently (Barney 2001). The theory of resource-based view argued that sustainable competitive advantage stems from drivers of superior skills and resources (Barney, 2001).

The theory will help firms in the Nigerian Oil and gas Industry to develop and manage their tangible and intangible resources and capabilities. Firm's tangible resources to be developed and managed are as follows: Physical assets, such as financial resources and human resources, including real estate, raw materials, machinery, plant, cash, inventory, trademarks, brands and patents (Andriessen (2004) cited by Wikipedia (2019)). Valuable intangible resources that will help Nigerian oil and gas industry in its procurement management practices are Knowledge or know-how, relationship with customers, organizations reputation, accumulated experience, relationship with supplies and stakeholders, and culture (Lev (2001) cited by Wikipedia). The resource-based view theory will give opportunity to procurement managers, logistics managers, marketing

managers and other functional managers in the Nigerian oil and gas industry to employ heterogeneous resources different from other industries skills and capabilities in other to attain maximum return in capital employed and high level in their general performance.

Game Theory

Game theory is an economic theory that models the interactions between different parties each pursuing personal interests. The parties interact where each player is trying to find an optimum strategy and choose their action in view of what is particularly effective, as the buyer typically sets the rules for the negotiation process and the clauses that govern the contractual relationships after supplier nomination. Each procurement negotiation and contractual relationship can be described in the game theory framework.

Exchange Relationships Theory

An exchange relationship is a mechanism for creating value through the coordination of production, consumption, and related economic activities between customers and suppliers (Johnson & Selnes, 2004). The purpose of an exchange relationship is to connect customers' needs with suppliers' resources. From a supplier's perspective, value creation is a process of understanding the heterogeneity of customer needs, developing products to fill those needs, and matching customers to products through distribution activities in competition with other suppliers (Lee, 2003). From the customer's perspective, the customer chooses the supplier or suppliers that provide the highest expected benefits less any associated distribution and availability of the goods' costs and risk, where benefits encompass a bundle of qualities, processes, and/or capabilities (Zhu, 2008). The central concept in the framework is the nature of the exchange relationship mechanism. The value created in an exchange relationship is a direct function of both the customer's and the supplier's distribution capabilities and strategies. The strategy of the supplier in the market- matching process is to know when and where to solve distribution problems and to identify the supplier that is perceived as the best in terms of distribution benefits less the costs and risks involved (O'Farrell, 2006).

Therefore game theory and exchange relationships theory is related to this paper, because it emphasizes on exchange relationship seen also in procurement management practices which covers all the functions concerned with researching the needs of the organization, getting raw materials and converting them into useful products, transporting products to the end users, combining them with services to constitute the value package and exchanging them with customers to complete the exchange process (Ebitu, 2019).

2.3. Review of Empirical studies

Several studies related to the present paper have been reviewed. Such studies include;

MPUOn, Eyo andkajang(2020) whose study centered on exploring the correlation between supply chain planning and business performance of Nigeria oil and gas industry. The study adopted correlation research design. Structured questionnaire were used to obtain responses from respondents. One hundred copies of questionnaire were administered to registered oil and gas companies in Nigeria and ninety eight copies were successfully completed and retrieved. Pearson's product moment correlation was used to test hypotheses and the demographics of the respondents were analyzed using frequency and simple percentages. The study found that supply chain planning has a significant positive correlation with business performance dimensions such as market share, sales growth and demand forecasting in Nigerian oil and gas industry.

Inaddition, Akubuko, Obodo, Musa, Abdullai and Jimoh (2019). Whose study aimed at establishing how procurement management practices impact on vendors' performance using oil producing firms in Rivers State of Nigeria as case study. Ten out of the twenty registered oil firms were purposively selected based on their sizes. Particularly, attentions were on product quality, profitability level and cost effectiveness of the firms as factors standing in for vendors' performance. The survey approach was adopted for the study with emphasis on the use of questionnaire, while the chi square statistical tool was employed to analyze data generated through the questionnaire. The result of the study showed that on a general note, significant relationship exists between procurement management practices and vendors' performance as each of the examined area of vendors' impact such as product quality, profitability level and cost effectiveness proved to be significantly related to procurement management practices of the firms.

In a like manner, Nsikan, Ekeins ,Margaret, Tarela and Maria (2019) examined the petroleum supply chain disruption in Nigeria oil and gas industry by identifying the drivers of disruption and determining mitigation strategies. The study adopted survey method to randomly draw 284 supply chain executives from oil and gas marketing and logistics firms in Nigeria downstream petroleum industry. Data for the study was gathered through structured questionnaire and analyzed with descriptive statistics. Results shows the top five drivers/causes of supply chain disruption relates to: poor quality of supply chain information, inaccurate product demand forecast, third party logistics outsourcing firms, inadequacy of critical storage infrastructure and components, and poor visibility of inventory position.

Furthermore, In the study by Ely and Beheregaray (2014) it was revealed that supply chain planning had a positive relationship with business performance. The result precisely suggests that the focal company can improve trust among its buyers and supplier through the collection and utilization of buyer and supplier information for the development of a supply chain plan. On the basis of these findings, they argued that companies in the supply chain developed supply chain partnerships seeking a more integrated supply chain based on organizational trust and planning. The companies aimed at establishing formal processes such as supply chain planning, demand forecasting, method of acquiring market share and sales growth improvement which is based on objective measures. They opined that the buyer is able to cope with the supply chain according to more precise information based on trust and the perception of people that are involved in relationship, values, beliefs, legal and competitive constraints that really drive the perception of such people. According to Ely and Beheregaray (2014) it would be difficult for companies operating on a global scale to afford such perceptions to influence performance of suppliers and may also need objective indicators to drive their business. Findings made by the study also suggested that operational performance can be improved when a buyer integrates formal processes such as planning with trust-based relationship in its supply chain.

3. Methodology

This section explain chronologically the methods adopted to meet the objectives of the study, which is to examine procurement management practices and its impacts on the management of oil and gas industry in Nigeria. The study adopted secondary data obtained from the annual financial report of the various selected oil and gas companies, hence, the research design employed is the *ex-post-facto* research design. The *ex-post-facto* research design is a form of descriptive research that measures the relationship between the dependent variables and independent variables. In the data analysis, a Panel data regression analysis was adopted fixed effect model. The study also adopted trend analysis to show graphically the relationship among the variables.

3.1. Model Specification

The model for our study is stated as follows;

$$\text{ROCE} = f(\text{ASTP}) \quad (1)$$

The specification is presented thus:

$$\text{ROCE} = \beta_0 + \beta_1 \text{ASTP} \quad (2)$$

We introduce the stochastic variable to capture other factors not in the model:

$$\text{ROCE} = \beta_0 + \beta_1 \text{ASTP} + \mu \quad (3)$$

Where: ROCE = Return On Capital Employed

ASTP = Asset Procurement

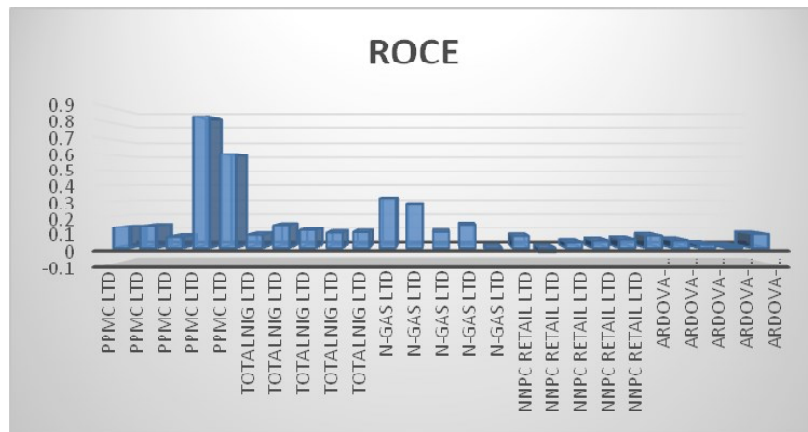
μ = Stochastic Variable

β_1 = Coefficients of the variables.

The a priori expectation is that all the variables will impact positively on profitability.

4. Results and Discussion

Graphical Presentations

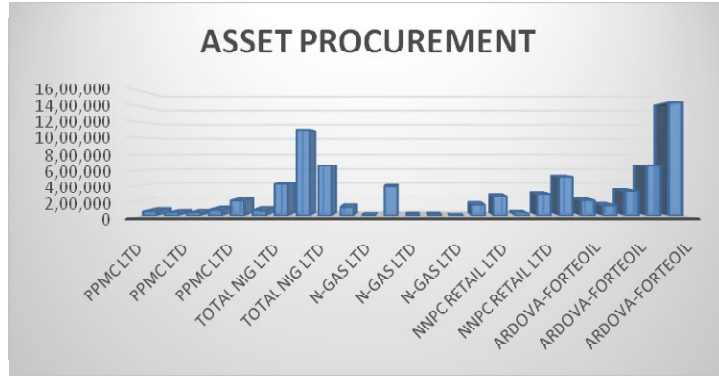


Graph 1: Return on Capital Employed

Source: E-views 9.0

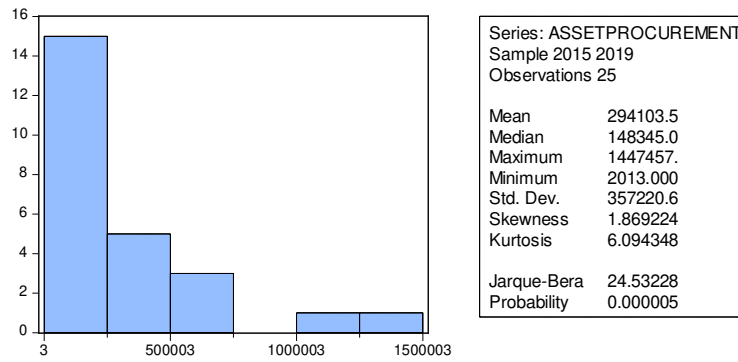
Return on Capital Employed (ROCE) of selected oil and gas companies are presented on the graph.1 above. The graph shows a variation of profitability among the companies. While very few of the selected companies in the oil and gas industry operate with high returns on their capital employed, others have low returns and even operate at a loss.

Asset Procurement (ASTP) of oil and gas companies as presented by graph.2 above shows that almost all the companies invest very low in asset procurement. Specifically, Ardova (Forte Oil) and Total Nig. Ltd. has the highest investment in assets procurement, with Nigerian Gas Ltd. maintaining the lowest trend.



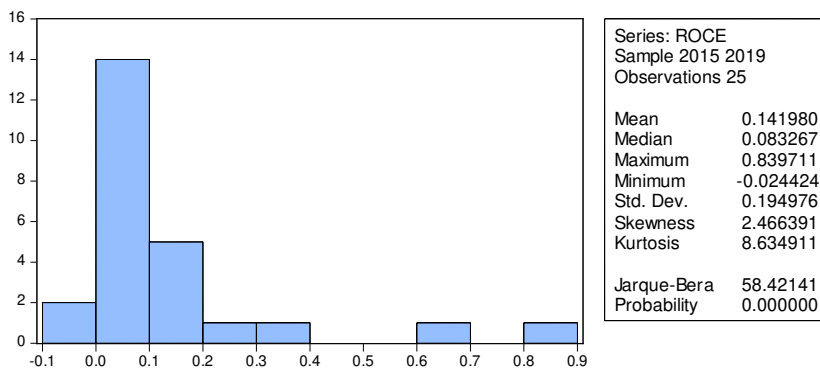
Graph 2: Asset Procurement

Source: E-views 9.0



Graph 3: Asset Procurement

Source: E-views 9.0



Graph 4: Return on Capital Employed

Source: E-views 9.0

Graph 3. This test is conducted to ensure normal distribution of the data used for analysis. The figure 3 above reveals that the Jarque-Bera value of 24.532 and its corresponding p-value of 0.0000 which is lower than 5% significant level confirms that the data is normally distributed.

Graph 4. This test is conducted to ensure normal distribution of the data used for analysis. The figure above reveals that the Jarque-Bera value of 58.421 and its corresponding p-value of 0.0000 which is lower than 5% significant level confirms that the data is normally distributed.

Table 1: Panel Regression

Dependent Variable: ROCE
Method: Panel Least Squares
Date: 07/03/21 Time: 22:49
Sample: 2015 2019
Periods included: 5
Cross-sections included: 5
Total panel (balanced) observations: 25

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
ASSETPROCUREMENT	6.45E-08	1.18E-07	0.548918	0.5895
C	0.122997	0.048695	2.525847	0.0206
<i>Effects Specification</i>				
Cross-section fixed (dummy variables)				
R-squared	0.588117	Mean dependent var	0.141980	
Adjusted R-squared	0.527096	S.D. dependent var	0.194976	
S.E. of regression	0.171413	Akaike info criterion	-0.483919	
Sum squared resid	0.558266	Schwarz criterion	-0.191389	
Log likelihood	12.04899	Hannan-Quinn criter.	-0.402783	
F-statistic	2.410342	Durbin-Watson stat	1.607237	
Prob (F-statistic)	0.074702			

Source: E-views 9.0

The Table 1.0 above show the panel regression estimates of the variable. From the result adjusted R^2 is 0.527, this implies that about 52.7% of the total disparity found in ROCE is caused by the independent variable, while the remaining 47.3% is caused by other factors covered by the stochastic variable (μ). The F-statistics with a value of 2.410 which is greater than the Prob. (F-value) 0.0747 indicates a goodness of fit in the model at 5% level.

The panel regression estimates show that Assets Procurement (ASPT) and Return on Capital Employed (ROCE) are positively related with a coefficient value of 6.45. The p- value of Asset Procurement (ASTP) is 0.5895 which is insignificant at 5% level. The positive relationship is in accord with our a priori expectation. A closer view reveals a significant relationship as the p-value is higher than 0.05 significant level.

4.1. Discussion of Findings

Studies of procurement management and its impacts on the management of oil and gas industry in Nigeria. Finding of this study revealed that assets procurement in oil and gas industry of Nigeria has a positive but insignificant relationship with returns on capital employed. Assets procurement has a coefficient of 6.45 and a p-value of 0.589. This means that Asset procurement increases but with insignificant effect of the Return on capital Employed (ROCE). This is in accord with our a priori expectation of positive coefficient. The finding is in agreement with Muiga and Kwasira (2016) that procurement management helps multi-national organization to mitigate financial risk and maximise shareholders value. They added that this enables organizations to provide timely critical asset base that promotes management efficiency in decision making.

This supports the fact that strategic decision on assets procurement management promotes the operation level of oil and gas companies in Nigeria. According to Githaiga (2014) the effect of procurement management and appraisal techniques on management decision in oil and gas companies have evolved over the years, however, the current world economic recession which has caused stock market crash and low share prices of many firms, procurement and investment decision policies of companies have therefore taken another dimension in order to reduce the adverse effect of wrong investment decision on the value of companies.

5. Summary and Conclusion

In this era of globalization and tough competition in various industries, planning, organizing, controlling and coordinating organizational resources is critical and hence must be evaluated to reduce the regret from unprofitable assets acquisition which increase idle resources of organizations. Also considering the lump sum and rigorous process involved in the assets procurement there is a high need to review and re-examine the procurement management strategy through management decision to achieve value maximization.

In summary the study have consistently showed that the procurement management of organizations contribute extensively to the wealth generation of such organization when strategically planned and executed. This therefore means that organizations when making decisions on procurement process and related investment decisions must gather adequate information needed and also consider other factors that may hinder the profitability objective of such procurement.

In Conclusion, the study support that when organizational invest adequately in acquisition of assets, the evidence of such investments is a

growth in the returns in the form of increased profits, reduced tax as more capital gain allowance will accrue to the organization. However, this study has empirically shown that asset procurement positively but insignificantly affects the returns of companies in oil and gas industry in Nigeria. Hence there is a need for adequate evaluation technique to be employed when planning for assets procurement investment appraisal. Top management are also required to always communicate the future plans about assets procurement to all subsystem managers and heads of department to maintain a high level of goal congruency in their operation and to reduce rivalries that emanates from departmental evaluations.

5.1. Recommendations

Based on the findings of this study, the following recommendations are made:

- i. There is a need to integrate the whole system and departments of companies in oil and gas industry in Nigeria in the procurement management process in order to have a balanced activities in the goals and focus of the departments.
- ii. In this era of technological advancement, computer aided techniques should be incorporated by management in evaluating procurement management.

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