

LOCAL CONTENT AND LOCAL PARTICIPATION IN THE OIL AND GAS INDUSTRY: CHALLENGES AND PROSPECTS FOR INDIGENOUS GHANAIAN COMPANIES.

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Abstract

The low level of involvement of indigenous Ghanaian firms in the nation's upstream oil and gas industry over the past decade has raised concerns regarding their capability to participate in the industry. With less than 11% of total value of contracts awarded to indigenous Ghanaian companies between 2010 and 2019, stakeholders seek explanations to the low indigenous participation in the value chain of the industry. The purpose of the research was to identify peculiar challenges that limit the capability of indigenous Ghanaian firms to participate in the value chain of the oil and gas industry and to recommend what they can do differently to enhance their participation in the industry.

The study adopted a mixed method methodology with a sequential exploratory research approach. The conceptual model was developed from lived experiences and perspectives of twenty (20) case study companies operating in the upstream oil and gas industry across Ghana that participated in the initial exploratory phase of the study. Twelve (12) hypotheses deduced from the model were statistically tested through a survey using data collected from 289 indigenous companies to determine the impact of challenges and prospects of indigenous companies on their capability to participate in the oil and gas industry. An explanatory qualitative case study was conducted to seek explanations to the quantitative findings.

Results reveal that the capability of indigenous companies in the industry was found to be significantly impeded by the firm's cognitive ability, technological capacity and work culture. Collaboration and strategic alliances with industry stakeholders were found to significantly enhance the participation of indigenous firms in the industry. The study also found that government support did not enhance the capability of indigenous firms facing cognitive ability, training and work culture limitations. The study recommends that indigenous companies invest in strategic alliances with business entities whose input, core competencies and expertise are complimentary and provide opportunities for the transfer of information, knowledge, skill, technology and finance.

Keywords: Cognitive ability, technological capacity, training, work culture, capability, collaboration, strategic alliance, government support.