THE INFLUENCE OF STAKEHOLDERS ON ORGANISATION DECISION-MAKING: Focus on Oil and Gas Industry in Libya

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ABSTRACT
Decision-making is an essential process in any industrial organization. Erroneous decisions may possibly lead to collapse and poor performance of the organization. Thus, the understanding of the appropriate procedures, stakeholders and critical factors for effective decision-making is very important. This research investigates the influence of stakeholders on decision-making process in Oil and Gas industry in Libya using qualitative method of analysis. Mostly, decisions are made devoid of cautious deliberation of the underlying factors or their degree. The best decision results are obtained when the principal factors are clearly defined and then analyzed completely. It was observed that cultural background, personal experience, conflict of interest and leadership are critical factors that affect sound decision-making in the organisation. Based on Mitchell et al (1997) and Paloviita et al. (2010) the study discovered that NOC is the only definitive stakeholder possessing power, legitimacy and urgency attributes in the industry. It recommends the implementation of complex model of decision-making (CMD) which recognises the inputs of other stakeholders as well as environmental factors in decision making process. This will assist in striking a balance between universalism and particularism in decision making. Therefore, stakeholders engage in decision-making process with full knowledge of the problem, consensus and long term goals of the organisation, devoid of cultural and cognitive biases in arriving at a robust strategic decision.

Keywords: influence, stakeholders, and decision making.
1.0 INTRODUCTION
The last two decades have experienced an increasing academic attention in stakeholders’ decision making process and strategic management in both private and public organisations. This upsurge has been described in many areas as a leading phenomenon that is shaping business and public behaviours and policies in most nations of the world (Whittington, 2006). Stakeholder theory according to Freeman (1984) emerged as another input towards a superior understanding of organizational management by focusing on the groups or individuals who either affect or are affected by the organization’s actions. Accordingly, an organization’s societal performance may be more successfully scrutinized and examined through its relationships with its constituent stakeholders. Encompassing planning entails the participation of concerned stakeholders. This includes recognising stakeholders concern and values and developing a broad agreement on deliberate programmes. It is also about utilising the enormous quantity of available information and knowledge that stakeholders possess to uncover practicable, proficient and sustainable solution. Stakeholder investigation is anchored on the principle that certain shared, mutual or joint relationships exist between an organization and certain groups and individuals (Marstein, 2003). These groups and individuals are so-called stakeholders as they are well thought-out to have a stake or claim in the outcome of decision-making. Stakeholders’ expertise and contribution is a fundamental and necessary ingredient for the survival and achievement of overall objective of any organisation. The dynamic and complex character of firms and organisations in the contemporary 21st global world constantly required the involvement of the different and relevant groups’ for meaningful success.
Libya as a nation, has witnessed tremendous disruptions in various sectors of the economy in recent times. Following the revolution that saw the end of Ghaddafi’s reign in 2011, the oil and gas sector has remained total state disarray without clear direction. This unfortunate state of affairs is further compounded by competing interests for the control of major source of revenue to the country. Consequently, engaging stakeholders in this critical sector is very timely and strategically necessary to position the organisation and the nation in a path that will guarantee its long-term survival in a competitive environment. Despite the significance of oil to both national and global economies, the literature on stakeholder in strategic management in national oil companies is limited. Stakeholder theory permits management to shift from organization-based methods in which stakeholders are considered dependent constituents and ran absolutely for the organization’s own profit, to model anchored on the relationship networks and ideas present in any organization.

Objective, Structure and Methodology of the Study
Based on the above background, this research seeks to analytically evaluate the influence of stakeholders on organisational decision making process in Libya’s Oil and Gas sector. It also seeks to unravel the factors that influence sound decision making in the industry. All too often, decisions are made devoid of cautious deliberation of these factors or their degree. Putting it differently, the best decisions results are obtained when the principal factors are clearly defined and then analyzed completely. This approach creates a solution that best fits the entire system, rather than sub-optimizing one part. It seeks to identify the various constituent interests that influence decision-making in Oil and Gas industry in Libya. It employs methodology qualitative method of analysis relying significantly on the relevance of literature, theory and prevailing situation in arriving at logical conclusions. Rummel & Ballaine, (1963) advocate for the usage of qualitative methodology in the conduct research that entails "total situation" of the comprehensive analysis of an entity. This is an extraordinary managerial behaviour that is captured and described by the series of events leading to an outcome. An analysis by standard measure is believed to permit better understanding of causality than that simplify issues applicable to those events, and for more
thorough assessment of the state of affairs, an organizational procedure to tolerate an in-depth examination of the methods (McLintock, et al. 1979).

A famous researcher Yin (1984) points out that presenting a case study is as good as any quantitative research because it gives the true situation that transcends time series analysis. It was then advised that in carrying out any qualitative case study research, salient things should be considered: suggestion or activities as well as the prevailing circumstance, prearranged around the narrative submissions; To assemble information to flat important events; Or, judge the alternative clarification of events by supplying precise interpretation of the most congruent phenomenon by drawing conclusions based on the construct. We obtained our information from various sources such as OPEC, National Oil Company of Libya, Repsol Oil Company, and other related articles for the narrative explanation of the influence of stakeholders in decision making in Libya. research is structured into five sections. Following the introduction is a concise review of relevant literatures that evaluates various attributes of stakeholders in Libya’s Oil and Gas sector and theoretical underpinnings. Section three precisely discusses stakeholder strategic decision process and stakeholder engagement. The influence stakeholder is the focus of section four. Conclusion is found in the last section

2.0 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

A famous and succinct definition of stakeholder was tendered by Freeman (1984). He defined the stakeholder as any collection of people or personality who can influence or is influenced by the realization of the organisational goal and objective. Explaining further, the stakeholder possesses the rights, ownership, or interests in the specific organisation and its routine actions in the current period, past or future time period. Such claimed rights or interests are the result of transactions with, or actions taken by the organisation, and might be legal or moral, individual or collective.

Stakeholder decision making team is composed of members of boards of organizations charged with the roles of formulating strategies for organizations. Hillman et al. (2001) points out from the governance perspective that, in order for the board to make effective strategic decisions, its composition, in terms of diversity, should be taken into consideration various groups that have a stake or right in the organisation. This is because board heterogeneity or diversity permits member to supply diverse proficiency, know-how and perspectives to the organization and to give support to strategic decisions.

From top management perspective, Christensen and Westenholz (1999) view stakeholders as strategic decision makers who are often members of boards of organizations charged with responsibility charged with responsibility of formulating strategies for the organisation. This view largely perceives stakeholders as comprising of top management group. In tandem with the above, Hillman et al. (2001) advocate for suitable mixture or board diversity that allows members to transmit diverse expertise, experience and perspectives to the organization and to give support to strategic decisions.

Based Stakeholder theoretical perspective, an organization is a social construction composed of intimate interface among various stakeholders. At core of the interaction, lies organization which provides the necessary networking platform for stakeholders who engage in a multifaceted and dynamic system of exchanging services, information, influence and other resources (Freeman and Evan, 1990 and Mori, 2010). As noted earlier, the contemporary stakeholder theory has its roots and foundations from the scholarly work of Freeman (1984): “Strategic management: A stakeholder Approach”. He noted that term stakeholder originally put in use for the first time in 1963 in an internal memorandum at the Stanford Research Institute (SRI)1. Freeman submits that the modern organization is influenced by a hue basket of forces which are

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1 SRI definition of stakeholders was reported to be: “those groups without whose support the organization would cease to exist” (See Donaldson and Preston 1995).
made up of stockholders, customers, employees, suppliers, and management, which simply connote the primary stakeholders. The basic feature of these categories of stakeholders is that they are fundamental to the continued existence and victorious accomplishment of the organization. The definition of the term was expanded to incorporate secondary stakeholders. This group includes: the local community, the media, the courts, the government, special interest groups, the general public, and society (Hummels 1998). It is logical to assert that Freeman derives his contention from the belief that the responsibility of management is to take into account the different views and interests of any group or individual who can affect or is affected by the achievement of an organization’s purpose (Marstein, 2003).

Berman et al. (1999) have best framed much of the recent dialogue on stakeholder theory. Donaldson’s and Preston’s taxonomy of stakeholder theory, where they distinguish between normative, instrumental, and descriptive/empirical theories, has required other authors to become more.

Donaldson (1995) contends that stakeholder theory differs from other theories of the firm in deep-seated dimensions. It perceives the organization as a body through which several and assorted players carry out manifold and not yet always utterly similar functions. He went further to categories stakeholder theory as descriptive/empirical, instrumental or normative in character. This represents a huge landmark and important contribution in the direction of illuminating the twin functions intended both to elucidate and to direct the organization and action of the established business organisation. Normative theory attempts to interpret the function of, and offer guidelines for the organization on the basis of some underlying moral or philosophical principles. Donaldson on the second category contends that the descriptive/empirical part of stakeholder theory explains specific organizational characteristics and behaviour of how members of the board think about the interests of corporate constituencies, and gives explanation into the behavioural nature of stakeholders. The descriptive element indicates and gives explanation on the historical antecedents, current and prospective or future states of affairs of organizations and their peculiar stakeholders. The third stakeholder theory emphasises or is used to recognize the connections between stakeholder management and the realization of corporate objective. It uses of stakeholder theory to make a link between stakeholder techniques and generally desired objectives such as profitability (Donaldson 1995 and Martesi, 2003).

In our context, applying stakeholder theory in the quest of getting explanation of managerial behaviour in the Oil and Gas sector necessitates consciousness of the development of organization theory paradigms: rational-economic and or social man paradigms. The former involves the utility maximisation of individual agents and the later states that people are encouraged and motivated principally by their social needs, and that people need to find satisfaction and build their identities in their workplace through their relationships. Given the dynamism of the world today, rationality may not help entirely but sense making may help much. Therefore, in consonance with an insight in stakeholder theory, an intrinsic value component consideration is critical. In this regard, the theory of common good forwarded by Goodpaster et al. (1994) which tenders a satisfactorily unyielding basis for the theory of stakeholders, and also the means for determining, in each specific case, the rights and duties of the participants, in accordance with the common good of the company, of the particular society it has with its stakeholders, and of society as a whole is very relevant. As a synopsis, one may categorically state that a stakeholder theory cutting across the common good perspective becomes even more affirmative in the post-modern era. Following the critical relevance of stakeholders’ decision making potency, Tordo et al., (2011) assert that differences of structure, competing interests, operations and markets exert contradictory effects on productivity and value addition of Management of NOC which requires oil industry expertise and public administration expertise with a high level of political skill; politicians and political advisers, and managers and leaders from very different backgrounds and disciplines. This synergy will undoubtedly assist a small but complex economy such as Libya to work together to formulate and implement strategy that produce an overall prosperity and development.
From the analysis of financial and accounting procedures in Libya’s upstream oil sector, Ritchie and Khorwatt (2007) establish and state that the Libyan auditing profession strictly and narrowly is basically modeled toward the British and the United States (US) systems more than five decades for preliminary production and exploration of resources such as oil and natural gas in Libya. Since late 1950s British and American companies employed their own business practices in oil and gas exploration and production in Libya, they applied accounting philosophies and their own systems as well. Up to present day, this tradition of accounting has persisted and has been perpetuated through different means (Gabasi, 2014)

Mitchell et al (1997) and Paloviita et al. (2010) clearly forwarded three significant qualities or attributes of stakeholders. This include: the power of stakeholders to influence and persuade the corporation, the stakeholders’ legitimate relationship with the corporation, and lastly urgency of stakeholders’ claim on the corporation. See table (1) below:

<table>
<thead>
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<tbody>
<tr>
<td>Dormant</td>
<td>Latent</td>
<td>Power</td>
</tr>
<tr>
<td>Discretionary</td>
<td>Latent</td>
<td>Legitimacy</td>
</tr>
<tr>
<td>Demanding</td>
<td>Latent</td>
<td>Urgency</td>
</tr>
<tr>
<td>Dominant</td>
<td>Expectant</td>
<td>Power/ Legitimacy</td>
</tr>
<tr>
<td>Dangerous</td>
<td>Expectant</td>
<td>Power/ Urgency</td>
</tr>
<tr>
<td>Dependent</td>
<td>Expectant</td>
<td>Legitimacy/ Urgency</td>
</tr>
<tr>
<td>Definitive</td>
<td>Definitive</td>
<td>Power/ Legitimacy/ Urgency</td>
</tr>
<tr>
<td>Non-stakeholder</td>
<td>Non-typology</td>
<td>Non-attributes</td>
</tr>
</tbody>
</table>

Source: Adapted from Eldanfour, et al (2014)

The argument for relationship between the organisation and stakeholders is that the more attributes exist in a classification, the more vital the stakeholder. Here, the definitive relationship is the most relevant having all the attributes. In comparative terms, those who possess only one attribute are less vital relative to who posses two attributes. On the other hand, the absence of any attributes is considered non-stakeholders.

In summary, the essence of the above categorisation of stakeholders in any organisation is to clearly identify which group of stakeholders exert the greatest influence in decision making process. Based on the law establishing and controlling the overall operations in the oil and gas sector, NOC is the major component that has all the attributes for influencing decisions in the both the short and long-term periods. It functions as an appendage of the government without any investors. The government appoints arbitrarily technocrats and bureaucrats the manage the company and even to be in other stakeholder groups like (GCIPF and GPIPF)

3.0 STAKEHOLDERS AND STRATEGIC DECISION-MAKING PROCESS

Decision-making is considered as the cognitive process leading in the selection of a course of action among diverse competing alternative possibilities. It entails the process of identifying and choosing options anchored on the ideals and inclinations of the personality making the decision. It is always believed that every decision-making process generates an ultimate choice that may or may not stimulate a course of action.

In particular, Strategic decision-making Process (SDMP) according to Elbanna (2007) refers to a set of well tailored actions through which strategic challenges are identified, interpreted, tackled and solved. The truth
behind any concrete strategic decision making process is the complex nature of the activity. Hart (1992) contends that it involves numerous incompatible interests, takes a long time, and faces many interruptions, delays and disruptions shaped by environmental factors, decision specific and decision makers’ factors. Advocates of stakeholder theory believe that having heterogeneous stakeholder representatives on boards is a critical weapon in promoting sound relationship with the organization (Hillman, et al., 2001 and Mori 2010). We there follow the literature and identified seven stakeholders who may participate in organizational activities of Libya’s Oil and Gas industry as seen in figure (1).

Figure 2: Stakeholders in Strategic Decision-Making Process in Libya’s Oil and Gas Industry

The figure above depicts constituent representations converging on the point of decision-making. This particular scheme draws on the contextual significance of the industry and dramatizes the diversity and scope of constituent presence and influence on decision-making.

Rationality could be viewed in terms of bounded rationality and comprehensiveness. Bounded rationality making decisions are significantly good not necessarily the best which is largely restricted by cognitive and political underpinnings (Chaserant, 2003 and Mori, 2010). As seen in link 1 stakeholders, go into decision scenarios with explicitly identified objectives. These well known objectives shape and establish the worth of the potential consequences of a given line of action.

The second channel or link highlights the central influence and role of Political behaviour in stakeholder decision-making process. This happens because decision-makers constantly have differences in power and interests their political interest are always in conflict. A complex Board representation is characterised by tense political sentiments because of the fact that every member protecting and presenting diverse interests and diverse group of people (Mori, 2010). The third Channel captures role of intuition in decision making. It generally presumes that decisions are taken based on diverse opinions of stakeholders in decision making process at that particular point in time (Elbanna and Younies, 2008). This then follows that, strategic decisions are arrived at on the basis of profound and intimate understanding of the situation confronted by decision makers. Intuition becomes a fundamental provider and contributor of meaningful and responsive decisions given that various stakeholders possess different proficiency and experiences in the business of decision-making. Historical lessons and experiences significantly influences decision making.
3.1 Stakeholder Engagement in Decision-Making
In line with normative approach, stakeholders have a justifiable interest in the decision-making processes and overall prosperity of the organisation. Stakeholder engagement categorically entails the broad practices that an organization undertakes to involve stakeholders in the activities and functions of the organizational in positive manner (Blok, et al, 2015). This process and practice supplies the necessary access to information, promotes mutual understanding and triggers the advancement of partnership and collective objectives among principal stakeholders ((Blok, eta al, 2015).

Stakeholder engagement, therefore, essentially requires information sharing and interaction among stakeholders. It has to do with information circulation in both directions: information running from stakeholders into the organization and information running from the organization to the relevant stakeholders. One way information sharing and two-way interaction can be achieved is through dialogue.

Transparency
The significance of transparency in stakeholder decision making and engagement is also confirmed in the literature on stakeholder engagement, such as the value of two-way dimensional information sharing for successful collaborations (Blok, eta al, 2015). Transparency involves the opening up every decision-making process by sharing and permitting free flow of knowledge and information among diverse stakeholder groups. Jointly shared information and knowledge across board allows organisations to gauge the critical needs of the organisation in line with that of the society.

Interaction
The centrality of interaction has been confirmed in the stakeholder engagement and decision-making literature such as the fundamental function of dialogue in establishing agreement concerning mutual objectives and purposes, dialogue among multiple stakeholders, which can be stimulated by transparency among stakeholders (Andriof and Waddock, 2002; and Blok, et al, 2015)

Responsiveness
Responsiveness is yet another important characteristic of a sound stakeholder engagement decision-making process. Transparency and interaction with stakeholders creates the necessary ingredient to making organisation and stakeholders to become mutually responsive to each other. Responsiveness to stakeholders’ shows that actors are really engaged and interwoven in various innovative activities emanating from decisions arrived with organisation and for society.

Co-responsibility
According to Von Schomberg (2013) in Blok eta al (2015) mutual responsiveness toward stakeholders ends up in co-responsibility among stakeholders. In this perspective, co-responsibility means that actors have to become mutually responsive such that an organisation employs a perspective transcending immediate objectives. Therefore, stakeholder engagement does not end with the mutual responsiveness of stakeholders toward each other but involves co-responsibility among multiple stakeholders as well like the non-economic stakeholders.

3.2 Factors Affecting Decision-Making Process in an Organisation
Decision making is an essential part of study in cognitive psychology and organisational management. Understanding the practice and procedures by which stakeholders make decisions is vital to understanding the decisions they formulate. There are numerous factors that affect decision-making. Those factors have to
do with historical experiences, cognitive biases, age and individual differences, belief in personal importance, and an acceleration of commitment Dietrich (2010). Psychologists and managers have developed several decision making frameworks, which describe the course of action by which stakeholders efficiently make decision. Past individual experiences and cultural values can influence future decision making. Past decisions tend to influence the decisions stakeholders likely to make in the future. There is the great chance that stakeholders could go back to some previous positive decisions made in a comparable manner, given a similar condition. On the other hand, stakeholders have a propensity to shun repeating past mistakes. This is significant to the extent that future decisions made based on past experiences are not necessarily the best options.

In addition to past experiences, there are several cognitive biases that influence decision making. Cognitive biases refer to thought patterns based on observations and generalizations that could cause memory errors, imprecise decisions, and defective reasoning (Stanovich, 2008). In decision making, cognitive sentiments put pressure on stakeholders by making them to excessively lend more confidence in expected observations and preceding knowledge, while disregarding information that are seemingly uncertain, devoid of looking at the comprehensive picture. Leadership role in decision making giving equal opportunity to stakeholders to contribute in decision making process, recognise the various skills and expertise of various constituents is important to the success of decision making. This has the capacity to create the necessary psychological behaviour and motivation for optimum output. The world has transform into a global system, therefore, the recognition of this serve as guide that organisation must realised that independence has largely replaced the olden philosophy of dependence and independence in decision making process. However, conflict of interest may affect interdependence which needs to be taken care of as well. This will assist in forming strategic alliance to overcome several constraints in the organisation. As observed by Netting (2016) leaders of most organisations always tends towards Universalist approach to overall all human problems everywhere they are; where as an individual always has a solution to his problem. Therefore, striking a balance between universalism and particularism is key to the success of any meaningful decision making process. Perpetuation of dominance in decision by leaders does no help. Everyone has a specialism that can add quality to the learning environment. Looking down on other stakeholders does help bring out the best ideas in them.

Decision-making process involves the existence of a decision problem which have be understood by the decision-making stakeholders and correctly defined to unearth opportunities to resolve it. Quite a few hindrances have been recognized in the way of a correct explanation of the problem which is the subject of decision: paying interest and attention to effects and not to causes, selective sensitivity, describing problems via solutions etc. (Cornescu, V. et al, 2004). Based on the nature of Libya, copying decision making frameworks from other environment without understanding the nature of the local environment may not work. Therefore using a complex that takes care of most of the factors is necessary. A model that incorporates the below characteristics will help significantly in achieving success in decision making. See figure (2).
The inputs consist of environmental factors, appropriate information, knowledge/understanding, creative ideas of stakeholder group/team and ethical ideals. Environmental dynamics/factors influence the decisions. Restriction and limitations in the external environment, internal risks, particularly those associated with resources are taken into cognizance. Information gathered or had in possession, as well as past information, contemporary or anticipated ones of the organization and of the external environment symbolize the initial point in budding decision options in harmony with organization’s internal potentials. The role of ethical principles is in refining the already gathered or accumulated knowledge of the organization, teams and manager’s in the current context. The decision process entails as submitted by Negulescu (2014) entails defining the problem, assembling required data, recognising/identifying the alternatives, finding agreement and selecting the alternative course of actions, forecasting consequences/cost of the decision and finally

Figure 3. The Model of Decision-making Process (CDP model)
executing it. Defining the problem corresponds generally with the decision making though there are a sequence of disputes concerning the disparity between solving a problem and decision-making method (FEMA, 2005). The comprehensible explanation of the problem assists the subsequent stages of the practice. g information gathering presumes selecting those information which go with the most excellent problem described and obtained from the classification inputs. Going on to recognize alternatives is anchored on the background information accumulated. Choosing the most appropriate state of affairs evaluated among the options identified is carried out engaging team members and other stakeholders. The communication with various stakeholders leads to both consensus and reduction of stress and decision-making timing. The outputs of the scheme or system could be: the management accomplishment or failure, the knowledge of the organization in the managerial learning practice, the team/stakeholder group strengthening, the values and beliefs of the organisation. Repeating the process by changing the alternatives in the event that the decision fails to meet the objective of the overall stakeholders is necessary. Irrespective of whether stakeholder board of the oil and gas industry is doing well or not in decision-making, organization has to achieve by obtaining new or novel knowledge, by closing interactions within the group and by budding or developing its values. A careful adherence to the above flow will create the most needed cultural behaviour; reduce tensions, and understanding for achievement of the desired results.

4.0 THE INFLUENCE OF STAKEHOLDERS IN DECISION-MAKING IN LIBYA’S OIL AND GAS SECTOR

There is a clear difference between stakeholders of oil and gas industry in Libya and those obtainable from advanced capitalists’ nations such as UK and the US. Eldanfour, eta al (2014) observe that investors in developed market economies are one of the most influential and significant stakeholders of the financial statements information which help them in deciding how to invest their financial resources in the sector. However, the role of investors in Libya’s Oil and Gas sector is limited since companies are not registered or listed on stock exchange. Therefore, there are no investors as the company is wholly owned by the government. The influence of the stakeholders is as seen in figure 4:

**Figure 4: Stakeholder Influence and Relevance**

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Group objectives</th>
<th>Group’s influence and significance to the operations of Oil and gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOC</td>
<td>Obtain optimum returns and overall development of the economy</td>
<td>Oversees and runs of the entire industry (industry Management)</td>
</tr>
<tr>
<td>IOC</td>
<td>Development of upstream industry</td>
<td>Drafted the Libyan petroleum law and regulations (LPL) , ensuring international best practices</td>
</tr>
<tr>
<td>LPI</td>
<td>Enhance Field research and development</td>
<td>Exploration, processing and a wide range of services in environmental monitoring</td>
</tr>
<tr>
<td>GPCPF</td>
<td>Financial transparency and Accountability</td>
<td>supervision of revenues, expenses and recovering of misappropriated funds</td>
</tr>
<tr>
<td>GPCIC</td>
<td>Monitoring, evaluation and investigation of irregularities</td>
<td>Financial disclosure, ensuring conformity/compliance systems, risk management</td>
</tr>
<tr>
<td>Local community-Employee</td>
<td>Opinion and support</td>
<td>Opinion and support (latent impact)</td>
</tr>
</tbody>
</table>
National Oil Company (NOC)
The NOC found in 1970 under the law No. 24/1970 is solely responsible for running the Libyan oil and gas industry. The decision of No. 10/1979 in 1979 led to the restructuring of the company the achievement of dual objectives: to augment the national economy by developing and exploiting the oil reserves, investing in those reserves to obtain optimum returns, and secondly, to achieve the goals of the country’s development plan in the field of petroleum (NOCorp, 2009)

It is worthy of mention that, before to end of Muammar Qadhafi’s regime in 2011, the management of Libya’s oil sector was under the state-owned (NOC). The critical role of the NOC is the executing Exploration and Production Sharing Agreements (EPSA) with (IOCs) as well as its own field development and downstream activities.

The NOC continues to be the main body influencing and overseeing Libya’s oil and natural gas industry. Despite their considerable control of approximately 80 to 90 percent of world oil reserves, it has been highlighted that NOCs face unparalleled challenges from the permutation of national political expectations and market demands and they have to be competitive in both arenas (Anoloui, 2015).

International Oil Companies (IOCs)
IOCs, principally originates from the United States and Europe and play a part in Libya’s hydrocarbon sector. Given the situation in the country, IOC influence and involvement in Libya depends on resolution of political issues, operational security, and new regulatory legislation. Despite attempts to restore confidence of IOCs by Libya’s officials that they would respect the inviolability of existing contract terms, at the same time as also reserving the right to review and revise those contracts that were secured through corrupt practices requires the intervention of comprehensive stakeholders decision.

Libya Petroleum Institute (LPI)
Formerly known as the Petroleum Research Centre, it came into existence in 1977 as the technical section of the NOCorp. LPL comprises of more than forty laboratories engaging in diverse outlets of the petroleum industry. Its operational activity influences both upstream and downstream activities of the industry. One of the fundamental roles and influences of the institute is in the area field research, field exploration, reservoir and basin exploration, oil and gas processing and a wide range of services in environmental monitoring (Oil and Gas Directory in Libya, 2011).

General People’s Committee for Inspection and Control (GPCIC)
The primary influence of GPCIC could be seen in the upstream section of the industry. It has the function influencing following the tasks (i) inspection and audit of the final accounts of the state agencies, organisations and public other companies (ii) following up the tasks of management control and monitoring the implementation of legislation and public projects, investigation of all crimes and administrative and financial irregularities, and follow-up projects and review of contracts entered into by public entities in the State (GPCIC, 2010).

General People’s Committee for Planning and Finance (GPCPF)
The financial expertise of GPCPF is very important on the stakeholder board of Oil and Gas industry. This committee should have sufficient expertise in financial, accounting, auditing and legal matters to be able to sufficiently watch over and appraise the direct, conformity/compliance systems, risk management and the quality of financial disclosures (Gabasi 2014). It is mandated to provide the necessary supervision of revenues and spending of the State, give supervisory role to the management of public treasury and
monitoring the financial dealings of the State, ensuring that all money owed to the government are efficiently collected and to recover misappropriated funds, and examine the rough copy of general budget of the government (GPCPF, 2010).

We include the local community in the stakeholder diagram because of their relevance in shaping policy based on public opinion. It should be noted that the Oil gas sector in Libya has an overall objective of increasing the welfare of the citizens. It then follows that innovations in the sector should be able to improve the welfare through involvement of the locals. Local content is about resource-rich countries increasing and developing their indigenous capabilities, and in so doing, developing a competitive supplier base, which stimulates domestic demand and employment opportunities, as well as export potential. Local content stipulations developed from an increasing need for governments to get the best out of their natural resources.

5.0 CONCLUSION

This research investigated the influence of stakeholders on decision-making process in Oil and Gas industry in Libya using qualitative method of analysis. Decision-making is an essential process in any industrial organization. Erroneous decisions may possibly lead to collapse and poor performance of the organization. That’s why the understanding of appropriate procedures, stakeholders and critical factors for effective decision-making is very important. All too often, decisions are made devoid of cautious deliberation of the underlying factors or their degree. Putting it differently, the best decisions results are obtained when the principal factors are clearly defined and then analyzed completely. It was observed that cultural background, personal experience, conflict of interest and leadership are critical factors that affects sound decision making. This recommends the implementation of complex model of decision-making (CMD) which captures the main environmental factors. This will assist in striking a balance between universalism and particularism in decision making. Therefore, stakeholders engage in decision-making process with full knowledge of the problem, consensus and long term goals of the organisation, devoid of cultural and cognitive biases in arriving at a robust strategic decision.

This study believed that the thesis project has served to expose some of these conflicts and their implications.

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