CHAPTER VI
CONCLUSION

6.1 Research Conclusion

The research examined the strategy of Shell in preserving its dominance in the Niger Delta from 2019 to 2025 by using the Monopolistic Advantage Theory and the Political Bargaining Model. The research argues that there are two main strategies of Shell in maintaining its dominant position in the Niger Delta, such as forming alliances with domestic firms and strategic relationship with the President of Nigeria. In 2012, Shell created a contractor fund for domestic firms in Nigeria, ranging from oil companies, vendors, and suppliers in the oil and gas industry. Shell Contractor Fund is Shell's strategy to manage competition in the Nigerian oil and gas industry by providing financial and technical support for Nigerian firms to execute projects for Shell. After the establishment of a local content policy, the Nigerian government encouraged the participation of local companies in the oil and gas industry. The lack of financial, technical, and know-how from the Nigerian government inspired Shell to create the Shell Contractor Fund under an agreement with NNPC and several Nigerian banks. Shell contractor fund has resulted in increasing dependence of domestic firms and the Nigerian government over Shell's firm advantages. Additionally, alliances with domestic firms in upstream to downstream sectors also allows Shell to become more integrated vertically and horizontally to the Nigerian oil and gas industry.

Secondly, Shell also formed a strong connection with President Tinubu during the negotiation over SPDC's divestment. The bargaining process tends to be cooperative, because Shell could provide investments for the Nigerian government in the middle of divestments by MNCs and economic crisis in Nigeria. During the negotiation, Shell was able to lobby the Nigerian government by using its economic power in return for removing any restriction from divestment. The dominant position of Shell in Nigeria indicates that the IOC can do anything to protect its business interests even by disregarding the environmental crisis and human rights in the Niger Delta. The relationship of Shell and the Nigerian government shows that both parties need each other to accomplish investments in the oil and gas industry. On the one hand, Shell needs the government to grant legitimacy over the divestment, on the other hand, the Nigerian government wants to receive investments from Shell. The outcome of negotiations demonstrates that the bargaining power of Shell will never be obsolete in Nigeria, as long as the Nigerian government and domestic firms depend on its investments.

6.2 Research Advice

6.2.1 Practical advice

Based on the result in chapter 5, practical and academic recommendations are made from this thesis. The practical recommendation is directed to policy makers in Indonesia. From the result of this thesis, the researcher recommended the Indonesian government to establish a stable regulatory framework for extractive industries in Indonesia. The Indonesian government has to create certainty in doing business in Indonesia to maintain investment in extractive industries. In the case of Shell in Nigeria, the trend of divestment occurs because the Nigerian government can't ensure stable regulations and legal certainty for doing business. Therefore, the researcher encourages the Indonesian government to establish stable regulations to maintain the trust of investors when conducting business in Indonesia. The researcher encouraged the Ministry of Energy and Mineral resources of Indonesia to increase transparency and improve the capacity of the ministry to regulate extractive industries. Additionally, the Indonesian government through Pertamina has to maintain investment in the oil and gas industry to compete with IOCs and to mitigate the exit of foreign investment in Indonesia. Lastly, the researcher also recommends to any government in host country to monitor strategic alliances formed by IOCs in their national oil and gas industry to protect the domestic firms from IOC's dominance.

6.2.2 Academic advice

For future researchers, this thesis provides a foundation for further research on how the Monopolistic Advantage theory and the Political Bargaining Model can be applied to analyze MNC's domination in Host Country. The result of this research can help other researchers to define the bargaining position of MNC and the Host Country government, especially during negotiation where both parties can have its own goals to pursue. The thesis is highly recommended for future research to explore the oil and gas industry in the North Africa region, especially Libya. This country has similarity in terms of institutional weakness with the Nigerian government in the oil and gas industry, therefore the result of this thesis can help future researchers to explore the MNC's dominance in a country with unstable government