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Commercialisation Of Public Enterprises In Nigeria: A Study Of The Nigerian National Petroleum Corporation (Nnpc)

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ABSTRACT

The National Petroleum Corporation (NNPC), has been known for its poor leadership and unprofitability for the past 47 years. This has been attributed to the government's inability to repair the existing refineries, along with oil theft and pipeline vandalism which continue to hinder the petroleum revenue performance and oblige the country to import most of its refined products. This necessitated the commercialisation of NNPC. This study analysed the provisions of the PIA, which formed the basis for the commercialisation of NNPC. It also examined if the commercialisation of NNPC would boost the Nigerian economy. This study aims to ascertain the preparedness of diverse stakeholders in the country to accept the recent transition of NNPC from being a public entity to a commercialized enterprise. The Liberal and Public Choice theories were adopted. It also adopted a mixed method of data collection and utilized both the explanatory and descriptive survey research design. The findings revealed that the commercialisation policy itself is not a terrible notion, but the issue is more with its implementation. Finally, it recommended that the policy should be judiciously implemented in line with the provisions of the PIA in order to have practical effects on the country's economic independence.

Keywords: Commercialisation, Nigeria, NNPC, Petroleum Industry Act, Public Enterprises.

Introduction/Background to the Study

Every government seeks towards achieving constant growth and development, as evidenced by a constant increase in the Gross Domestic Product (GDP) of the country (Olu-Owolabi et al, 2020). Financial and economic development is seen as a yardstick for measuring the failure or success of any government (Igbuzor, 2003). Stable and constant economic growth and development have a corresponding effect of growing the level of income among the public, decrease in the rate of unemployment, and uplifting millions of the populace out of poverty. To attain this objective of economic growth, governments have to make capital investments in the infrastructures which become state assets and aid as an agent for economic development as well as growth. The government undertakes the provision of services for the public at a subsidized rate because of social problems such as externalities, unemployment, and economic inequalities. These services which are provided by the government are largely done via public enterprise(s).

Public enterprises are seen by Efange (1987) as organisations or establishments which are managed by the government of the country or in which the government of the country holds a major significance. Public firms engage in commercial activity, offer goods or services, and also have independent management. Public enterprises serve as the avenue or medium by which the government delivers economic and social development to its people. The major purpose for creating public enterprises in all countries where they exist has been to boost growth and advancement. Hanson (1972), while thinking about India, Turkey, and Nigeria commented that he perceived impediments to economic growth and financial development in the post-independence countries as the foundation for the creation of public enterprises. Despite the incentives that are made available for public enterprises mostly in Nigeria, some condemnations have been alleged contrary to them. The problems encountered by public enterprises are so massive that Nigerian citizens are now in a state of great disappointment (Ojo & David, 2008). These condemnations vary from loss of revenue, weak technological base, corruption among employees, mismanagement by the managers, political interference in affairs of public enterprises, and misallocation of resources, among many other issues that contribute to the maladministration of the majority of public institutions in the country (Gberevbie , Ibietan, Abasilim, & Excellence-Oluye, 2015).

However, the 1999 Privatisation and Commercialisation Act (section 14), emphasized that a commercialised firm must function as a complete commercial institution and is allowed to (a) set prices, rates, and charges for the services and goods it offers to the general public, subject to governmental laws and regulations. Unlike privatised enterprises,the commercialised enterprise would continue to be managed solely by the government., and it would also continue to have a financial interest in such businesses (Oji, Nwachukwu & Eme, 2014). Nigerian commercialisation and privatisation in practice are "the reorganisation of firms which are totally or in part managed by the government in which those firms that have been commercialised shall henceforth operate as profitable businesses without receiving government assistance," according to Decree No. 25 of 1988. The commercialisation of some institutions, including the postal service and the Nigerian Telecommunication Limited (NITEL) marked the beginning of the privatisation process (Stephen, Odiwo, & Kifordu, 2016).

And very recently in 2022, the Nigerian National Petroleum Corporation (NNPC) finally went through this process of commercialisation as a strategy to enhance its performance. The NNPC is a public enterprise founded in 1977. Through the nation's four refineries, the NNPC is involved in the production and exploration of petroleum. It oversees the country's resources for crude oil, gas, and petrochemicals as well as the joint venture between Nigeria and international oil companies (Abati, 2022).

The petroleum industry has witnessed changes domestically and globally, with more indigenous players locally in the last 20 years (Nwuke, 2021). On July 19, 2022, the NNPC was formally announced by the current President as a commercial venture; a limited liability company as enshrined in the Petroleum Industry

Act (PIA), and therefore to be known as NNPC Limited (Abati, 2022).

Conceptual Clarification

According to Stringlitz (2005, p. 4), the term "commercialisation" refers to the reorganisation of government-owned businesses so that they operate as profitable ventures, either with or without government subsidies. Commercialisation is the practice of generating a profit from goods or services that were previously provided to the public for free or at a cheap cost. It can as well be defined as making an activity that was completely free and profitable. It can also be viewed as the effective management of a government-run business with the primary goal of making a profit. Igbuzor (2007, p.504) views Commercialisation as the implementation of management strategies that reward strong performance and penalize weak performance in an effort to increase efficiency and effectiveness in the achievement of goals.

Also, Decree No. 25 of 1988, argue that commercialisation and privatisation is "the restructuring of businesses entirely and partially managed by the State such that the commercialised operations will run as profit-generating ventures and ceases to receive subsidy from the State". Onuoha, Umoh, & Ufomba (2017, p.46) affirms that commercialisation is a process of reorganizing an enterprise that was hitherto owned partly or wholly by the government to begin to generate profit and be self-sufficient. Ozioko & Onah (2022, p.140) asserted that commercialisation is poised at making public enterprises more profit-oriented and less burdensome on the government. The research findings of Marule (2022, p.7) affirms that commercialisation is the utmost important and crucial stage of the innovation value chain. It is maintained by cooperation as well as connections among the innovation system's participants. In addition, it calls for successful collaboration from both public and commercial institutions. Effective commercialisation validates the time, money, and resources invested in development and research. It also encourages business growth, encourages industrialization, improves technological capacity, productivity, and competitiveness of businesses, as well as creates investment opportunities (Gberevbie, Oni, Oyeyemi, & Abasilim, 2015, p.175).

The procedure for launching a new product and engaging in selling and marketing activities, or obtaining a license for the product or the technology related to the service, has traditionally been referred to as commercialisation" (Mazzarol & Reboud, 2011, p.19). It is the procedure of "bringing a concept to the market-place to generate monetary benefits" (the dti, 2016, p.71). A new invention or an improved product or services may be considered a successful part of a commercialisation process if it is released onto the market and is able to make profit.

Governments may be considering the option of commercialisation, that is the transformation of public companies to attain high productivity and produce income sufficient to pay the production cost without changing ownership (Jerome, 2011; Egwu, 2011) in (Adegbite, 2020, p.312). According to Solanke (2012, p.1), commercialisation re-directs a public enterprise's apparent bureaucratic and nonprofit focus in the direction of a more effective, economical leadership. It could manifest as the repeal of laws restricting access to economic activities or as the deregulation of governmental monopolies. Akinbade (2012, p.253), points out that commercialisation is the means of operating a government organisation or business for financial gains. It entails shifting a public corporation's goals from being merely a provider of social services to one that makes money. Commercialisation denotes the operation of a State-owned business for profit making.

Forms of Commercialisation

The Nigerian commercialisation and privatisation Decree No. 25 of 1988 made a distinction among complete and incomplete commercialisation. The enterprises which are fully commercialised are required to conduct their businesses on a profitable basis, generate revenue from the capital market without receiving any type of subsidy from the State, using techniques adopted by the private sector. Due to the strong social service component of such businesses, it is anticipated that they won't need any government assistance; as a result, their operation cannot be entrusted to individual stockholders. The NNPC is a perfect example because the survival of the country's economy depends on its services (Eboh, 2020, p.1). Enterprises having a significant social service component are those that have undergone partial commercialisation. These businesses are anticipated to make enough money to pay their operational costs. As a result, they might get government grants to pay for their capital-intensive projects. It can be inferred that neither complete commercialisation nor partial commercialisation necessitates the government selling its ownership holdings (Adeyemo & Adeleke, 2008, p.409).

Rationale for Commercialisation

Adeyemo & Adeleke (2008, p.403) opine that commercialisation aims to minimize government interference in the administration of public corporations, ensure that commercialised enterprises adopt commercial approach and attain financial independence and operational autonomy. The main drive of the Nigerian commercialisation programme, in the works of Ogunde (2002) in (Adegbite, 2020, p.316), has been to:

a. Upgrade the impacted enterprises' management information systems,

b. Strengthening financial/accounting controls at the corporate level, evolving to a more performance-based and accountable management model,

c. Ensure the public firms are financially solvent through efficient cost collection, cost reduction, and smart financial management. provide increased enterprise-level operational autonomy;

d. Expunge political interference and bureaucratic bottlenecks by clearly defining the roles of the supervising Ministry, and the board of directors that oversees the affairs of State-owned corporations.

Furthermore, Adegbite (2020, p.318) asserted that the primary objective of the commercialisation programme is to attract foreign direct investment in a way that is open, fair, and transparent in order to ensure that Nigeria is reinstated into the world economy. Other reasons include:

a. To significantly diminish the power of ineffective government asset in the industry through the restructuring and nationalization of the public sector,

b. To reorient all public businesses involved in economic activity toward a new perspective of improved administration, growth, and general productivity,

c. To guarantee profitable income on government expenditures made in commercialised businesses, through improved management focused on the private sector;

d. To ensure that commercial parastatals are not absolutely dependent on the government for funding by encouraging them to obtain funds through the Nigerian and global capital markets.

Origin of Commercialisation in Nigeria

The International Monetary Fund (IMF) has been advocating for the privatisation/commercialisation of public enterprises in developing nations which includes Nigeria, where the industrial sector and some crucial components of the economy are predominantly controlled by the government (Hemming and Mansor, 1988, p. 32). According to Abdullahi (2014, p.3), the privatisation and commercialisation act of 1988 was introduced by the Nigerian Government which later became the Technical Committee on Privatisation and Commercialisation (TCPC). It was set up with the mandate to privatise some State-owned corporations.

However, in 1993, the TCPC was able to privatise a total of 88 out of the 111 corporations outlined in the decree, completed its task and presented its final report. The then Military Government acted on the propositions of the TCPC by nullifying the 1988 Act and set up the Bureau for Public Enterprises in 1993 (Privatisation and Commercialisation Act), which created the National Council on privatisation (Abdullahi, 2014, p.5). Thus, in November 1989 the enactment procedure for the complete or fractional commercialisation began (Adeyemo & Adeleke, 2008, p.406; Ozioko & Onah, 2022, p.142). On July 20, 1998, the Federal Government declared that it would privatise its holdings in hotels, coal, telecommunications, oil and gas, petroleum, hotels, electricity, and bitumen extraction, and tourism (Alonge, 2005, p.75). He also claims that President Olusegun Obasanjo zealously promoted the privatisation initiative during his administration (Alonge, 2005, p.75).

Prospects and Challenges of the Policy of Commercialisation

The merits of commercialisation lie in the fact that it lessens the fiscal load of the governmental organisations. This is because the enterprises stand on their own as profit-oriented ventures (Abu-Shair, 1997, p.93). The proponents of the commercialisation policy had argued that commercialisation has various advantages, including a decrease in the size of the Government bureaucracy, State monopolies, and financial structures, improved competition, higher quality products and services, a decrease in government corruption, better staff quality and supervision as well as improved market analysis (Adjimah, Atiase, & Dzansi, 2022, p.4). According to its proponents, more government funds are made available to address more urgent issues, generating jobs, reviving the local economy, growing local firms, luring direct foreign investment, expanding capital markets, redistributing wealth, improving technology transfer, and strengthening trade regulations (Alhassan, Donkoh, Mabe, & Isaac, 2016, p. 147).

Some problems being faced by the commercialisation programme in Nigeria today as summarized by Onah, (2018, p.152) includes the following: inflation of prices, high retrenchment, limited standard of products and services, the consolidation of public assets in the hands of few elites, servitude of communal policies, corruption, possessorship of the commercialisation procedure by few individuals with easy access to finance, lack of clarity, nepotism and foreign domination as well. Despite these issues, Nigeria has excellent prospects and potential in the petroleum sector which if completely utilized will generally increase access to renewable energy and off-grid electricity which is cost-effective and eco-friendly. To ensure economic growth and development, it was recommended that Nigeria change the sector's legal and regulatory framework. According to Alhassan et al, (2016, p.149), innovations or public enterprises can produce socioeconomic value when they are successfully monetized. At the business level, successful commercialisation can be assessed using metrics like sales, market shares, employment, productivity, or profitability (Matthias, Dumbach, Danzinger, Bullinger, & Moeslein, 2013, p.179).

Theoretical Explanation

This study adopts the liberal theory, and the public choice theory.

Liberal Theory

The Liberal theory was developed by John Locke, John Stuart Mill, and John Rawls in their works in the early 80s. According to Galbraith and Samuelson (2004) in (Eke & Chiazor, 2017, p.156), the market system's effectiveness in the management and allocation of resources for a country's growth did not sit well with liberal theorists. In order to illustrate the need for government involvement, Samuelson proposed that people are persuaded to acquire products they do not want due to intense advertising and at extravagant prices. Galbraith (2004, p.34), argued that government intervention is necessary due to the limitations of the price system, which may be accomplished by enacting strict ministerial control, private activity regulation, and subsidization policy. The theory advocated for and supported government intervention by setting up public businesses to create necessary commodities and services for which the private sector is unable to allocate resources.

Garcia (2003, p.79) in his support for Liberalism believes that for the actions of the government to be just or moral, they must be acceptable or capable of being made acceptable to all affected individuals. It believes that there must be a rationale for every social policy or reformation.

The liberal theory is pertinent to this study because it emphasizes on guaranteeing the effectiveness of the market system in the management and allocation of resources for nationwide development. It supports the need for State intervention to safeguard the citizens from paying high prices for commodities. Government intervention would help to achieve strong ministerial supervision, private activity regulation, and subsidization policy. Government intervention would also ensure the creation of public businesses with the sole purpose of producing necessities that the private sector is not permitted to invest in. However, for the actions of the government to be just or moral, they must be acceptable or capable of being made acceptable to all affected individuals. This means that there must be a rationale for every social policy or reformation.

The Public Choice Theory

The Public Choice theory in the opinion of Adeyemo & Adeleke (2008, p.404) ; Starr (2000, p.105), postulates that individuals seeking government benefit or interest band together to have advantageous laws passed. It implies that those with a concentrated interest in spending more money get a free ride off of others with a diffuse interest in paying less in taxes. This hypothesis was established through research on public land, water, and forest management as well as a comparison of public and private businesses. The public choice hypothesis criticized public management and ownership. According to this proponent, public ownership results in "the tragedy of the commons" (Ostrum & Ostrum, 1991, p.306).

Accordingly, Abu-Shair (1997, p.96) believes that people who act in their best interests abuse and ultimately destroy property that belongs to the public while taking optimum care of their own property. Thus, the dilemma of the common applies to any limited resources to which access is immeasurable by fee or regulation. Because of this, publicly managed institutions are managed poorly than privately owned ones. Hence, the value is destroyed through self-aggrandizing developmental policies. According to the public choice theory, democratic politics have a natural propensity for large government and wasteful spending (Adeyemo & Adeleke, 2008, p.415).

Furthermore, the public choice theorists are of the opinion that those who want the government to act in their best interests participate in the passage of legislations that will serve their needs. It implies that people with a focused desire to spend more money benefit at the expense of others with a diffuse desire to pay less in taxes. The public choice hypothesis criticized public management and ownership. Accordingly, those who act in their best interest misuse and ultimately destroy property that belongs to everyone else while taking optimum care of their own property (Ibietan, Abasilim, & Olobio, 2018).

Thus, the dilemma of the common applies to any limited resources to which access is immeasurable by fee or regulation. Due to this, publicly managed companies have weaker management than privately owned ones (Ibietan et al, 2018). This is due to the fact that value is being lost due to expansionary policies that promote self-aggrandizing behavior. According to the public choice theory, democratic politics have a natural propensity for expanding governmental institutions and amassing large expenditures. Hence, when the citizens view the commercialisation policy as a public interest, they would ensure its success. The citizens would begin to see the errors being committed by public officials and hence, be committed to devising means to curb these incompetencies, corruption, nepotism and misappropriation of funds.

Methodology

The study adopts an explanatory and descriptive survey research design. The study population comprises of all twenty-five (25) staff members of the four (4) NNPC filling stations in Ado-Odo/Ota Local Government Area. The sampling technique uses a total sampling technique, meaning that the entire population will be used as the sample. A total number of twenty-five (25) copies of the questionnaire will be shared to all the staff members of NNPC filling stations in Ado-Odo/Ota Local Government Area. The study adopted a purposive sampling method. Purposive sampling method was adopted to identify personalities with in-depth information of the area being studied (Obasi, 1999, p.101; Umar and Madagu, 2015, p.65). In other words, this technique is employed for easy accessibility to the population. This increases the reliability of the outcome of the research (Sileyew, 2019, p.1).

The researcher used a mixed method of data collection consisting of both secondary and primary data. The primary data were collected through a well-ordered questionnaire. The secondary data for this study were gathered from newspaper articles, journal articles, academic books, published Ph.D. theses, and review papers. Furthermore, to gather primary data from the respondents, a well-ordered questionnaire was administered as a complementary research instrument. For this study, questionnaires were analysed using a thematic and descriptive method of analysis. Data analysis were done by thematically describing the data. Thematic analysis was used to produce themes from the participant’s answers to each question in the structured questionnaire (Braun and Clarke, 2006); (Anderson, Taylor, Taylor & Ortega, 2021).

Nigerian National Petroleum Corporation (NNPC)

The NNPC, is a public corporation instituted in 1977. The NNPC oversees the joint venture between Nigeria and oil multinationals that handles Nigeria's crude oil, gas, and petrochemical resources. It also conducts petroleum exploration and production through the nation's four refineries

(Abati, 2022, p.1). About 95% of Nigeria's foreign exchange profits and 80% of its budget income come from the NNPC, making it the country's top foreign exchange earner (Action Aid, 2020) in (Boufini & Agbai, (2022, p.12). The NNPC is a Nigerian petroleum corporation, a public enterprise founded on April 1, 1977. It was established as a consequence of the union of two institutions, the Nigerian National Oil Corporation (NNOC) and the Federal Ministry of Mines and Steel (Gberevbie et al, 2015)

The NNPC, which also oversees the nation's gas, petrochemical, and crude oil resources as well as the joint venture between Nigeria and its foreign oil corporations, runs the four refineries in Nigeria: Warri, Port Harcourt, Kaduna, and Eleme. NNPC exports and imports oil and refined petroleum products like the Premium motor spirit (PMS), automobile gas oil (AGO), lubricants, and dual-purpose kerosene (DPK). The NNPC is operationally involved in gas transit, upstream, and downstream activities. The NNPC offers services to Nigeria's oil industry. It serves as a framework for managing the oil industry and generating revenue for the government. NNPC jointly ventures with International Oil Companies (IOCs). The NNPC acts as a conduit for administrative communication between the state and the IOCs. The transactions of NNPC are centered on domestic and international sales of petroleum and processed oil and gas products (Thurber, Emelife, & Heller, 2010, p.5). The sole importer of refined goods and exporter of crude oil in Nigeria is NNPC.

Challenges of NNPC Since Inception

According to (Thurber, et al, 2010, p.9), some of the challenges of NNPC encompasses, but are not restricted to, the following:

a) It also functions as a patronage instrument. Every extra transaction produced by its extensive bureaucracy gives well-connected people the chance to make money by acting as the protectors whose consent must be sought, particularly in contractual procedures. The distribution of licenses for the import and export of refined products by NNPC also contributes to its status as a hub for patronage operations.

b) There are not many independent regulatory checks on the industry, and foreign oil firms have complete control over all activities and revenue flows to the Federal Government.

c) The future of the Trans-Sahara Gas Pipeline (TSGP), a much more ambitious project than the West African Gas Pipeline (WAGP) to transport Nigerian gas to Europe and Algeria is still uncertain. It is feared that the TSGP will serve as a diversion from the most salient objective of growing domestic gas production as well as supply to fulfill demand (Brower, 2009, p.1).

d) When compared to nations with comparable potential, the natural gas resources of Nigeria have been developed at a slow pace (Shepherd and Ball 2006). This is partly because of the poor political climate in the nation.

e) The regulatory agencies both inside and outside the oil industry remained ineffective. The NNPC's accounting systems are inefficient, which led to widespread corruption that produced enormous incentives for individuals with ties to the government. The reliance of the Federal Government on oil is deplorable. Since 1974, 95% of the country's exports and 80% of its income have come from oil, which is comparable to data available today (Diamond 1995, p.72; Forrest 1995, p.107; Lewis 2007, p.134).

f) The country's Niger Delta region has experienced heightened conflict, which has led to a continual, impulsive decline in crude oil production. Increased operating costs and income loss are brought on by the Niger Delta's insecurity. Armed groups have attacked both onshore and offshore oil infrastructure (Mouawad, 2006, p.89) and organized hostage-taking for ransom. Organized oil theft, also known as bunkering, diverts 10% of output, worth millions of dollars each day, before it gets to IOC tankers (Vanguard, June 2009a); (the Economist, 2008b); (IEA, 2010, p.1); (IEA, 2022, p.1); (Brower, 2009, p.1).

g) Short-term contracts are preferred under NNPC regulations, which normally cap contract length at two years or less. This makes it more challenging to find qualified contractors and increases the number of contracts that must be authorized. Proficient enterprises which are genuine as well might conclude that they simply cannot recoup their investments by participating, given the expectation of intense cost bidding in addition to the rule that mandates contractors to generate and employ considerable local content (Hart Group, 2006d).

h) The NNPC is robed in indebtedness due to the lack of transparency in its budgeting procedures (Thurber et al, 2010, p.10).

i) What makes the Nigerian refinery scenario even more discouraging is that significant amount of funds has been invested in enthusiastic endeavors to improve productivity, without long-lasting beneficial effects, as (Nwokeji, 2007, p17) points out. Refineries, for instance, may never operate profitably as NNPC subsidiaries, according to some arguments, therefore selling them out would be advantageous for both the refineries and NNPC. Initiatives to privatise refineries that were started under Babangida have been on and off since then. Just before the end of President Obasanjo's tenure, there were plans to sell off the refineries in Port Harcourt and Kaduna to private individuals which was later abandoned in 2007 amid accusations that the sale was in favour of the President's friends (This Day 2007, p.1).

The Petroleum Industry Act (PIA)

The PIA was signed into law by President, General Muhamadu Buhari after several years of errors, complications, legislative somersaults, and re-establishment. He signed the Petroleum Industry Bill (PIB) into the Petroleum Industry Act (PIA) (Adesina, 2021, p.1; (Olaoye, 2021, p.1). The PIA repeals the extant Petroleum Act 2004 as well as a series of other regulations in the oil sector. Before the passage of the PIA and its eventual signing into law, the Nigerian Petroleum sector was governed largely by legislations which include the Petroleum Act established in 1969, the Petroleum Profit Tax Act introduced in 1959, and the Nigerian National Petroleum Corporation Act of 1977 (as amended) (Uzorka & Henshaw, 2022, p.71).

The Petroleum Industry Act (PIA), 2021, establishes a statutory, administrative, financial, and regulatory agenda for the NNPC, host communities, and other associated issues. The Department of Petroleum Resources (DPR) was replaced by the Nigerian Upstream Regulatory Commission (the commission) (PIA, 2021, s.4-28) and NNPC was transformed into NNPC Limited, an incorporation. There are 319 Sections, 8 Schedules, and 5 Chapters altogether in the new Petroleum Industry Act

(Uzorka & Henshaw, 2022, p.72). It privatised the NNPC and transformed it into a limited liability business- the NNPC Limited, eradicating any potential conflicts of interest between the NNPC and the Commission (Ele, 2022, p.130).

Objectives of the Petroleum Industry Act (PIA)

The PIA aims to establish an environment that is favourable for business for the oil industry in Nigeria so that the industry is utilized to its maximum potential for the welfare of the oil producing communities and to ensure that there is reciprocal development in the nation as a whole (Uzorka & Henshaw, 2022, p.74). The PIA separated the Commission's duties from those of NNPC Limited, preventing the institutional overlaps and conflicts of interest that characterized the previous legal system (PIA, 2021, s.4-28). Additionally, before taking any action or before issuing any regulations, guidelines, enforcement orders, or directives, every governmental organisation or parastatal that is exercising any authority or function must first confer with the Commission (Ele, 2022, p.133).

According to the PIA (2021), the NNPC Limited must be self-financing and commercially motivated in order to be able to raise adequate money to pay its monetary obligations (Ele, 2022, p.134). According to (Uzorka & Henshaw, 2022, p.75), in an effort to quell unrest and foster peace in the Niger Delta region, the Act aims to address concerns of environmental remedies as well as transfer of benefit to host communities. To do this, the PIA 2021 requires all oil companies to conduct their business in conformity with ethical standards established by the global petroleum sector (Ele, 2022, p.135).

Umenweke & Chukwuma (2021, p.65), affirmed that the PIA's objective is to spur enormous investment and price stabilization in the oil industry. Thankfully, the PIA 2021 reduced the Minister of Petroleum Resources' vast powers by transferring the majority of his functions to the Commission in order to maintain balance of powers (Ele, 2022, p.136). The PIA generally focuses on the creation of a more effective national oil firm, the adoption of greater transparency and accountability measures, as well as new frameworks for distributing benefits to communities that produce oil and for resolving disputes (Uzorka & Henshaw, 2022, p.76).

Shortcomings of The Petroleum Industry Act (PIA)

However, the PIA unintentionally raises fresh conflict issues that can diminish the PIA's usefulness as a peace-building project. Section 103 of the PIA 2021, states that a monetary grant for the remedying of environmental harm includes finances for managing the environment, but it does not go far enough to specify what occurs when the funds allocated are not adequate to cover the redress in full (Ele, 2022, p.137). To be precise, it specifically did not include ways of generating extra finances where the present monies are insufficient to cover the costs of environmental redress. It's a good idea that the PIA introduced Host Communities Development Trusts, however there may be a problem with determining whether community qualifies as a "host community" for the trust's benefits (Ele, 2022, p.138). The risk that this trust poses is that indigenes of any community that feels "unfairly" left out of the trust's benefits because they were not included as the host community may still create violent organisations to impede the efficient operation of petroleum operations in the Niger Delta.

However, Umenweke and Chukwuma (2021, p.66) believe that the PIA has not adequately addressed the pressing problem of combating climate change and implementing an energy evolution in line with the Paris Agreement. According to Uzorka & Henshaw (2022, p.77) the PIA, like earlier laws, did not make sufficient efforts to transfer benefits to oil-producing regions. There is little evidence of sufficient commitment to combating climate change and implementing the Paris Agreement's energy transition (PIA, 2021, s.4-28; (United Nations Climate Change, 2015). Instead of outright banning gas flaring, the act specified the circumstances under which it might occur (Federal Competition and Consumer Protection Act, 2019). The new law has drawn criticism for its 3% provision for the Host Communities Development Trust Fund, which is below the communities' requested 10% allocation (Umenweke & Chukwuma, (2021, p.67).

Findings

This study reveals that a commercialised enterprise would continue to be managed solely by the government, and it would also continue to have a financial interest in the NNPC (Oji, Nwachukwu & Eme, 2014). (Ozioko & Onah, (2022, p.143), noted that in general the commercialisation policy itself is not a terrible notion, but that the issue is more with how it is being implemented and the practical effects it has on the country's economic independence. They argued that effective commercialisation would benefit the country and its citizens while preserving its sovereignty. Shareholders will include employees. Better services will benefit consumers and make them wealthier. Because of expansion, new graduates and other unemployed people will find employment. Subsidies will no longer be a financial burden for the government. Opportunities for investing will be given to investors. In the end, everyone will be allowed to pursue their own economic interests, whether they are citizens or foreigners (Ozioko & Onah, 2022, p.143).

On the other hand, the commercialisation of NNPC means that the retail price of petroleum products would increase and may not be conveniently affordable to the average Nigerians. And once the price increases, prices of other commodities in the parallel market will increase as well. This inherently translates to the fact that Nigerians are spending more than they earn as salaries are not being increased while most people earn way below the minimum wage.

Furthermore, the study identified that theoretically, the commercialisation of public enterprises is aimed at driving efficiency, effectiveness, productivity and service delivery to the citizens. In practise, it may not be so. The commercialisation of NNPC has the potential to positively impact the Nigerian economy in several ways. However, it is important to note that the success of such a move depends on various factors, including the specific approach taken and the implementation strategy. Some factors to be considered include:

a) Increased Efficiency: Commercialising NNPC can lead to improved operational efficiency by introducing market-oriented practices and promoting competition. This can result in streamlined processes, reduced bureaucracy, and better resource allocation, ultimately increasing productivity.
b) Attraction of Investment: The commercialisation of NNPC can make the Nigerian oil and gas sector more attractive to domestic and foreign investors. A more transparent and commercially driven NNPC can inspire confidence in the industry, leading to increased investment, technology transfer, and job creation.

c) Revenue Generation: If the commercialisation process is well-executed, it can potentially enhance revenue for the Nigerian government. A more efficient and competitive NNPC can increase oil production, attract investment, and enable the government to collect higher revenues through taxes, royalties, and dividends (Gberevbie et al, 2015).
d) Enhanced Service delivery: Commercialisation can foster a customer-centric approach within NNPC. By aligning its operations with market demands, NNPC can focus on delivering quality services to Nigerians, such as ensuring reliable fuel supply, improving distribution networks, and maintaining competitive pricing.
e) Technology Advancement: Encouraging private sector participation through commercialisation can facilitate the transfer of technology and expertise. Private companies often bring innovative practices, advanced technologies, and management capabilities that can lead to modernisation and improved performance within NNPC (Adeyemo & Adeleke, 2008. pp. 411).

However, it is important to approach the commercialisation of NNPC with caution and address potential challenges which include:

a) Governance and Transparency: It is crucial to establish strong governance frameworks and mechanisms to ensure transparency and accountability throughout the commercialisation process. This helps prevent corruption, rent-seeking behaviour, and undue influence over strategic decision-making (Olu-Owolabi, Gberevbie, & Abasilim, 2020).
b) Regulatory Framework: A comprehensive and effective regulatory framework is necessary to prevent monopolistic practices, promote fair competition, and safeguard the interests of consumers and the broader economy.
c) Workforce Management: Commercialisation may involve changes to the workforce structure and employment practices. Ensuring a fair and smooth transition for NNPC employees is vital to maintain morale, minimize disruptions, and retain critical expertise (Obadan, 2000); (Gberevbie, 2010).
d) Social Impacts: The commercialisation of NNPC should consider the potential social impacts, such as changes in fuel pricing, accessibility, and subsidies. Mitigation

measures may be necessary to protect vulnerable populations and ensure the availability of essential services (Akinola, 2021, pp. 42).

e) Long-term Strategy: A well-defined long-term strategy is essential to guide the commercialisation process. This includes outlining clear objectives, establishing performance metrics, and monitoring progress to ensure the desired outcomes are achieved.

Also, the findings from the study reveal that the level of political control that the government would exert over the NNPC Limited after its commercialisation would depend on the specific structures and framework established during the commercialisation process. While the aim of commercialisation is to introduce market-oriented practices and reduce direct government control, the government can still maintain certain forms of influence and oversight. The specific structures and framework include:

a) Shareholding and Ownership: The government can choose to retain a significant ownership stake in NNPC Limited. By holding a substantial number of shares, the government can exercise influence over key strategic decisions and have a say in the company's operations.
b) Board Appointments: The government can have the authority to appoint members to the board of directors of NNPC Limited. This allows the government to have representation and influence over the company's governance, policies, and overall direction.
c) Policy and Regulatory Framework: The government can establish policies and regulations that govern the operations of NNPC Limited. It can set guidelines related to environmental protection, safety standards, local content requirements, and other areas to ensure the company operates in alignment with national goals and priorities.
d) Legislative Oversight: The government can exercise oversight through legislative bodies by enacting laws and regulations that govern the activities of NNPC Limited. This can include oversight committees, reporting requirements, and audits to ensure transparency, accountability, and adherence to legal obligations.

e) Strategic Interests: The government may retain control over certain aspects of the oil and gas sector that are deemed strategic or of national interest. This can include the authority to approve major investments, partnerships, or projects that impact national security or long-term development goals.

However, it is important to strike a balance between government control and allowing NNPC Limited to operate commercially. Excessive political interference can undermine the intended benefits of commercialisation, such as increased efficiency, productivity, and competitiveness. Therefore, establishing clear guidelines, ensuring transparency, and separating commercial decision-making from political influence is crucial to the success of the commercialisation process.

Ultimately, the specific level of political control will be determined by the government's objectives, the legal and regulatory framework, and the broader political and economic context in Nigeria.

Conclusion

Commercialisation programme is becoming an increasingly important ingredient of economic reform in Nigeria just like in any other developing countries. When the programme is well analysed, planned and implemented, proper result will be achieved. The commercialisation of NNPC, if implemented effectively and accompanied by strong governance, regulatory frameworks, and strategic planning, has the potential to boost the Nigerian economy. It can drive efficiency, effectiveness, productivity, and service delivery, leading to increased revenue generation, investment, and improved outcomes for Nigerians. More so, the provisions of the PIA should be adequately implemented to ensure that its objectives are achieved. The shortcomings of the PIA should as well be reviewed to compensate the host communities whose lands have been taken over by oil companies.

Recommendations

In light of the findings of this research, the following recommendations and measures should be taken.

1. The study recommends that the commercialisation policy should be judiciously implemented to the latter in order for

it to have practical effects on the country's economic independence.

2. The study also recommends that there should be public awareness on the policy of commercialisation so that the masses can understand what it constitutes. It also recommends that the provisions of PIA be publicized to enlighten the masses on the essence of the act.
3. The provision of the PIA on the host communities should be reviewed by the government to increase the host communities’ development trust fund. The disbursement of this trust fund should be adequately monitored to ensure that the fund is strictly used for developmental projects that would benefit the entire community.
4. The government should ban gas flaring outrightly as is obtained in developed countries who have oil producing companies. Allowing certain circumstances under which gas flaring might occur gives the oil companies the privilege of harming the host communities’ environs and worsen their means of livelihood which is mostly farming and fishing. This will help to combate climate change and implement an energy evolution in line with the Paris Agreement.

5. This study recommends that the government should grant the NNPC the autonomy it deserves by allowing experienced managers to oversee and direct the affairs of the company. The managers should enforce the provisions of the PIA on the NNPC limited to ensure maximum efficiency and effectiveness. More so, this study recommends that punitive measures be put in place to ensure that offenders are adequately punished.

6. This study recommends that the government subsidizes another social service in place of petroleum products. In developed countries, the government ensures that education, healthcare and housing for low-income earners, comes at little or no cost. This helps to increase the life-expectancy of citizens and adds value to the huge taxes they pay. The Nigerian government can take clue from these countries and give Nigerians reasons to be patriotic.

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Conflicts of interest

The authors declare no conflict of interest.

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