Analyzing Petrol Scarcity Risk in Nigeria: Strategic Management Survey and SWOT

Sunday S. Akpan, University of Uyo, Uyo, Nigeria
Michael Nnamseh, University of Uyo, Uyo, Nigeria

ABSTRACT

Petrol scarcity is a malady and a serious economic problem in Nigeria. Successive governments have, often times, used it as a case for political advances, yet petrol scarcity remained an undefeatable macroeconomic monster in Nigeria. The need for petrol, its availability and affordability is obviously important especially as the risks and its attendant effects are undesirable. Thus, this investigation focuses on the strategic management approaches for minimizing its occurrence. From the analysis, excessive corruption, mismanagement of government treasury, etc., were found as causes of petrol scarcity while socioeconomic unrest, hike in transport fare, retardation of economic growth, etc were found as its associated risks. Also government strategies of task force formation and downstream sector reforms were found to have no significant mitigating effect on petrol scarcity. Consequently, the use of balanced scorecard, SWOT analyses etc were recommended as potent strategic approaches for managing and forestalling petrol scarcity in Nigeria.

Keywords: Economic Performance, Gas Oil Industry, Governance, Petrol Scarcity, Risk Management, Strategic Management

INTRODUCTION

Perhaps the most complex problem confronting the Nigerian nation is how to make petrol available at all times for local consumption, practical experience over the years have shown that it has not been easy for Nigeria to find a sustainable solution to frequent and protracted scarcity of petrol in the country. It is important to note that several efforts and permutations have been made and are still being made to address the problem, but the solution is far insight. From the time of military administrations to present democratic dispensation, different strategies such as yearly turn-around maintenance of the refineries and importation of refined petrol to supplement local production have been adopted without any positive impact. The problem has become a recurrent dilemma in the nation’s economy. The situation is becoming more complex and dramatic especially given the current security challenges facing the nation. Pump price of petrol in Nigeria are no longer determined by government fiat (where at all times, petrol is found in the filling stations), but at the discretion of the independent petrol marketers. It appears that the more serious and committed the government is poised to put an

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end to petrol scarcity, the more slippery the problem becomes.

Could it be that our refineries has outlived its useful age, or is it the problem of lack of political will and lack of vision by our leaders? Is it the problem of inability or lack of skills in strategy implementation? Could endemic corruption be a critical factor thereby sabotaging government genuine efforts in addressing this problem? Whatever and whoever is responsible for the nation’s woes in petroleum sector of our economy, it should be noted that petrol remains very strategic and most important element in the growth and development of the Nigerian economy

The importance of petrol as material goods and services cannot be misplaced. It is so important that any contemplation of a possible scarcity or unavailability of the product will no doubt spell doom for the economy of the country. In locomotive activities, petrol is a key resource, in heating and lighting whether in the house or factory or anywhere, petrol is a key resource. Without petrol the world would come to a halt, lives would be made difficult as movement would eventually be impeded. As reported by Rasheed (2010), without petrol, our world would almost grind to a halt; factories would stop running, so would cars; airplanes would be grounded; tractors on the farm would sputter to a standstill and rust; and people’s homes and offices, if not heated by petrol, would freeze in winter. Because petrol is so important, the whole world is affected by what happens to this vital commodity.

The importance of petrol has caused successive governments in Nigeria to devise every means to make petrol available and affordable. Prior to February 1999, there was commendable result as fuel supply was steady and readily available everywhere as acknowledged by Onifade and Ojukwu (2010). According to the authors, fuel supply has been moving smoothly in the country before the announcement of the budget by the Head of State in January, 1999. It was in February 1999 that the whole issue of petrol scarcity started with its attendant devastating effects on the citizens, the government and the economy at large.

Today, petrol scarcity is no longer a new phenomenon in Nigeria. It has become a common feature and got to a crisis stage. In particular, the petrol crisis which started as a joke in December 2009 has now become a feature of the country’s socio economic landscape. Across the country, Nigerians queue up at filling stations for hours unending for unavailable petrol. The implications have been loss of man-hours and rising cost of living as transport fares and prices of foodstuffs jump up. The recurring instances of petrol scarcity, usually worsens towards the end of the year. In the year 2009 alone, there were at least six instances of petrol scarcity (AFRICNEWS, 2009).

Petrol scarcity can make it difficult for the government to accomplish that which it proposed to do in the budget. Thus, in continued efforts to transform Nigerian economy and improve the life of the citizens, there is a need to ensure that this vital commodity is managed in a way that will guarantee its availability and affordability. But it is often wonder why Nigeria with huge oil deposits and reserves be faced with persistent petrol scarcity or crisis? Again, how have the entities been managing themselves and the product such that they cannot arrest the very condition which was created by them?

The time has come for managers of agencies such as Nigerian National Petroleum Company (NNPC) and refineries that extract and refine crude oil to device sustainable approach towards stemming out the menace of petrol scarcity in the Nigerian economy. The researchers therefore investigate and consider the adoption of strategic management approach in addressing the problem. The objective sought to achieve are to:

1. identify causes of petrol scarcity in Nigeria
2. assess the effect of petrol scarcity on the lives of Nigerians,
3. ascertain the effects of petrol scarcity on the economy of Nigeria
4. identify the strategies of government in curbing incessant petrol scarcity in Nigeria.
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