Internal Control System as a Management Tool to Enhance Organizational Performance

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Abstract

The paper examines the effect of oil and gas revenue on the economic growth of Nigeria, the objective of the study was to examine the impact of oil revenue on the economic growth in Nigeria and to evaluate the relationship between oil revenue and economic growth in Nigeria. Using data generated from ex-post factor research design and subjective to descriptive analysis, a sample size of 18years between year 2000 and 2017 was used.In which Nigeria Oil Revenue the period was censored. Ordinary Least Square (OLS) regression method of analysis was employed in carrying out the analysis.Findings from the study showed that the coefficient is negative, even though it has a positive relationship with economic growth in the long-run as revealed by the Regression result. This variable is expected to have positive relationship with economic growth both in the short run and in the long-run. The positive relationship between the two variables signifies that revenue generated from oil has formed the major source of revenue in Nigeria.. The study recommends that Government should use the revenue generated from petroleum, to invest in other real sectors such as the Agricultural and manufacturing sector in order to expand the revenue source of the economy and also increase the revenue among others.

Keywords: Oil and Gas, Oil Revenue, Economic Growth, Oil Industry, GDP, Crude Oil

1. INTRODUCTION

The oil industry in Nigeria plays a crucial role to the sustenance of the nation and fuels not only Nigeria's economic and development activities but also socio-political life. The industry has been widely described as the nation's live wire and these accounts for the literature that abounds on its role and significance in Nigeria. HoweverNigerians, have had very little share of the Country's oil wealth and so there was an urgent need to reverse this trend. Nigeria's extreme reliance on the crude oil market has triggered structural difficulties for the economy as earnings from crude oil fluctuate along with market trends (Aigbedion and Iyayi, 2013). Economic growth from time immemorial has been a subject of debate in both academic and non-academic circles. Hence, measuring the growth of key sectors of an economy to ascertain its contribution to the aggregate national economy has been adjudged as one way of determining vibrant sectors. The history of the oil industry in Nigeria dates to early 1900's when the British Colonial Government shortly after the creation of Nigeria as a legal entity started the first geological survey of the country. From 1956 when the first oil was drilled in Oloibiri to mid-2013 when the price of oil took a down drop, oil remained the mainstay of Nigeria's economy.

Although Nigeria is Africa's largest producer of oil, its Oil Wealth has proved in many ways to be both a blessing and curse at the same time. The petroleum industry in Nigeria has brought unprecedented changes to the Nigerian economyparticularly in the past five decades, when it replaced agriculture as the cornerstone of the Nigerian economy (Aigbedion and Iyayi, 2013). The oil industry has risen to the commanding heights of the Nigerian economy, contributing greatly to Gross Domestic Product (GDP) and accounting for the bulk of federal government revenue and foreign exchange earnings since early

1970. The oil and gas industry is strategic to national development and growth in Nigeria. Oil and gas constitute about 90% of Nigeria's foreign exchange earnings and 83% of its GDP (Ogbeifun, 2008). The oil and gas industry is strategic to national development and growth in Nigeria (Abu and Chidi, 2012). However, Adewumi and Adenugba (2010) believe that Nigeria is one of the world's largest producers of crude oil, the 10th largest producer and the 6th largest exporter among the Organisation of Petroleum Exporting Countries (OPEC) members. Nigeria, Africa's largest crude exporter has continued to import refined petroleum products after over fifty years of crude oil extraction (Nwanze, 2012). Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) in 1971 and established the Nigerian National Petroleum Company (NNPC) in 1977; a state owned and controlled company which is a major player in both the upstream and downstream sectors. The Nigerian oil industry is divided into two sectors; the upstream sector (deals with Exploration and Production) and the downstream sector, which deals with refining of crude oil for domestic consumption (Odeh, 2011).

Crude oil became the dominant resource in the mid-1970s. On-shore oil exploration accounts for about 65% of the total production and it is found mainly in the swampy areas of the Niger Delta while the remaining 35% represents offshore production and involves drilling for oil in the deep waters of the continental shelf. The massive increase in oil revenue as an aftermath of the Middle - East war of 1973 created unprecedented, unexpected and unplanned wealth for Nigeria and then began the dramatic shift of policies from a holistic approach to benchmarking them against the State of the oil sector (Olaokum, 2010). The Petroleum Industry in Nigeria has brought exceptional changes to the Nigerian economy, particularly in the past five decades when it replaced Agriculture as the base of the Nigerian economy. The Oil Industry has risen to the unassailable loftiness of the Nigerian economy, contributing the lion share to gross domestic product and accounting for the bulk of federal government revenue and foreign exchange earnings since early 1970 (Apata, 2014). Crude oil discovery has had a major impact on the Nigeria economy both positively and adversely. On the negative side, this can be considered with respect to the surrounding communities within which the Oil Wells are exploited. Some of these communities suffer environmental degradation, which leads to deprivation of means of livelihood and other economic and social factors. Although large proceeds are obtained from the domestic sales and export of petroleum products, its effect on the growth of the Nigerian economy as regards returns and productivity is still questionable. Also, given the fact that the oil sector is a very crucial sector in the Nigerian economy, there is the dire need for an appropriate and desirable production and export policy for the sector. In Nigeria, though crude oil has contributed largely to the economy, the revenue has not been properly utilized. Considering the fact that there are other sectors in the economy, the excess revenue made from the oil sector can be invested in them to diversify and also increase the total GDP of the economy (Gbadebo, 2014).

It is now obvious that crude oil production is as critical to Nigeria as oxygen is to life. In fact, crude oil notwithstanding current effort of government remains the driver of economic policies of government. The overdependence on it has created vulnerability to the every other sector of the Nigerian economy particularly the general hardship in the country now. In particular, the place of oil in the mind of the average Nigerian has become more profound since the continuous deregulation of the downstream sector of the Nigerian oil industry in 2003. Thus, the decline in crude oil production in Nigeria and fall in prices at the global markets meant more decreased earnings for Nigeria, but increased expense burden on imported refined petroleum products. It is such contradictions that make the Nigerian economy highly vulnerable and astronomically unstable. The Monolithic nature of the Nigerian economy is evident now without contradiction. It is indeed on this over dependence on oil that many of the socio-economic and political problems ravaging Nigeria today took its root. It is worthy of note that that multinational oil corporations in Nigeria have played great roles in the discovery (exploration), exploitation, refining (processing), administration, servicing and maintenance, storage and transportation as well as sales of crude oil in the country and has great impact on the performance of Nigerian economy. Consequently, the objective of this study is to examine the impact of Oil Revenue on the Economic Growth in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Petroleum Industry

According to Odularu (2014), the activities of the petroleum industry can be divided into two broad categories; upstream and downstream. Upstream activities involve the acquisition of mineral interest in properties, exploration (including prospecting), development and production of crude oil and gas. Downstream activities involve transporting, refining and marketing of oil, gas and derivatives. Nigerian Investment Promotion Commission Act No 16 of 1995 (NIPC Act) further described upstream operation as all operations necessary to separate gas from the reservoir into usable form at utilisation or designated custody transfer points, either through pipelines or tankers. This operation is to help reduce or completely eliminate gas flaring. NIPC Act described the downstream operation as the marketing and distribution of gas for domestic and industrial uses.

This domestic and industrial usage would include power generation, Liquefied Natural Gas (LNG), household and factory consumption. In US, oil and natural gas industry encompasses a number of activities that span separate industry classifications in government economic data. Oil and natural gas exploration and production is included in the mining sector, oil refining is part of the manufacturing sector, pipeline operations are included in the transportation sector, natural gas distribution is in the utilities sector and oil marketing is considered part of the wholesale and retail trade sector. According to PricewaterhouseCoopers (2013), the US oil and gas industry encompasses all the above mentioned activities. Crude Oil is one of the mineral resources being produced in commercial quantity in Nigeria. The petroleum sector serves as the main supply of energy in the country. The Petroleum and Natural Gas reserves are usually found where there are Crude Oil reserves (Onigbinde, 2014). Therefore, there are Petroleum and Natural Gas reserves association with Crude Oil and Non-Associated reserves in the country. Petroleum production in commercial quantity in Nigeria has led to rapid increases in oil revenue, GDP and Foreign Exchange earnings. Since Petroleum and Natural Gas are the major suppliers of commercial energy in the most populous African country.

2.1.2 Concept of Oil Revenue

According to Baghebo and Atima (2013), oil revenue had a significant negative impact on Real GDP. From their analysis, a unit change in oil revenue brings about a fall in GDP. However, Ogbonna and Ebimobowei (2012) posits that the economic impact of oil and gas sector stems from oil revenue, petroleum profits tax and licensing fee among others. Oil is the dominant source of government revenues, accounting for about 90% of total export and this approximates to 80% of total government revenue. Since the oil discoveries in the late 1950(s), oil has become the dominant factor in Nigeria's economy. The problem of low economic growth of Nigeria cannot be attributed solely to instability of earnings from the oil sector, but as a result of failure by government to utilize productively the financial windfall from the export of crude oil from the mid1970(s) to develop other sectors of the economy.

2.1.3 Concept of Economic Growth

According to Olopade and Olapade (2010), growth means an increase in economic activities. Olopade (2010) defined economic growth as the process whereby the real per capital income of a country increases over a long period of time. However, it can also be seen simply, as the increase over time of an economy's capacity to produce those goods and services needed to improve the wellbeing of the citizens in increasing numbers and diversity. It is the steady process by which the productive capacity of the economy is increased over time to bring about rising level of national income (Anyanwu&Oaikhenan, 2010). Economic growth is primarily driven by improvement in productivity, which involves producing more goods and services with same input of labour, capital, energy and materials. However, economists

draw a distinction between short term economic stabilization and long term economic growth. Economic growth is primarily concerned with the long run. The short run variation of economic growth is termed the business cycle (Devarajan, 2011). A country's economic growth is a long term rise in capital to supply increasing diverse economic goods to its population (Oremade, 2006).

Economic growth represents the expansion of a country's potential GDP or output. Rostow-Musgrave model (1999) conducted a study on growth of public expenditure where Rostow-Musgrave focused mainly on the utilization of taxes as the major revenue source. The study concluded that at the early stages of economic development, the rate of growth of public expenditure will be very high because government provides the basic infrastructural facilities (social overheads) and most of these projects are capital intensive, therefore, the spending of the government will increase steadily. Investment in education, health, roads, electricity, water supply are necessities that can launch the economy from the practitioner stage to the take off stage of economic development, making government to spend an increasing amount with time in order to develop an egalitarian society. According to World Bank Report (2011), GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products, It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. The Central Bank of Nigeria (2010) defined GDP as the money value of goods and services produced in an economy during a period of time irrespective of the nationality of the people who produced the goods and services. It is usually calculated without making any allowance for capital consumption (or deductions for depreciation).

2.2 Empirical Review

The empirical review is necessary in order to find empirical evidence corroborating the claims of some authorities in this study. To this end, a review of related previous studies was carried out. Ogbonna and Appah (2012) in their work reported that previous studies on the Nigerian economy in the last decade showed that the petroleum industry has been playing a dominant role and occupied a strategic position in the economic development of Nigeria. This is evidenced by the total oil revenue generated into the Federation Account from 2000 to 2009 which amounted to ₦34.2 trillion while non - oil revenue was ₦7.3 trillion, representing 82.36% and 17.64% respectively. Consequently, there has been poor performance of national institutions such as power, energy, road, transportation, politics, financial systems, and investment environment have been deteriorating and inefficient (Aigbedion and Iyayi, 2013). Odularu (2014) carried out a study titled Crude Oil and the Nigerian Economic Performance. The aim of the study was to ascertain the impact of crude oil on the Nigerian economy. The study analysed the relationship between the crude oil sector and the Nigerian economic performance using the Ordinary Least Square regression method. The study found that crude oil consumption and export have contributed to the improvement of the Nigerian economy. The study concluded that the production of crude oil (domestic consumption and export) despite its positive effect on the growth of the Nigerian economy, has not significantly improved the growth of the economy due to many factors like misappropriation of public funds (corruption) and poor administration.

Usman, Madu and Abdullahi (2015) carried out a study titled Evidence of Petroleum Resources on Nigerian Economic Development (2000-2009). The main objective of the study was to examine the impact of petroleum on Nigeria's economic development. The variables were two, that is, crude oil Revenue and the Gross Domestic Product GDP. The study was based on secondary data. Data was sourced from the Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics. The data used was a ten years record of GDP and Oil Revenue, 2000-2009. The tool of analysis used was simple linear regression model with the aid of Statistical Packages for Social Sciences (SPSS). The study found that petroleum has a direct and positive significant relationship with the economy. Ebele (2015) investigated the consequence of oil price instability on the economic growth of Nigeria between 1970 and 2014. The investigation utilized an aggregate demand framework that cautiously linked investigative

variables rather than only debating productivity performance by oil price and a collection of variables, as was the case with other analysts. The Engel-Granger test for co-integration and Granger Representation equation were conducted to analyse the connection between oil price instability and the growth of the economy. The analysis indicated that oil price instability has an adverse influence on Nigerian economic growth, although; oil revenue and oil reserves positively influence the economy. Adamu (2015) applied the Ordinary Least Squire (OLS) strategy, utilizing the T-test to verify if there was a substantial difference between oil revenue made by Nigeria both prior and during the period of oil price decline. The outcome revealed that the drop in global oil prices significantly influenced oil remuneration in Nigeria. It is proposed that the revenue accumulated by the oil sector should in fact be employed for the purpose of economic advancement.

2.3 Theoretical Framework

2.3.1 The Resource Curse Theory

Mbendi (2010) pointed at the resource curse theory as presupposing that countries with abundant natural resources may fail to grow in other sectors and ultimately resulting to financial problems. Pigou (1920) mentioned that the theory also assumes that such a country will also fail to grow critical infrastructures and other industries; rather they emphasize on a handful of industries which cripple the economy by encouraging very isolated investments and development; while ignoring the need to develop a more diversified economy. Auty (2013) added that the result of such attitude is that the country is also forced to a large degree to depend on other nations for a wide variety of goods and services; and may in fact end up with a net loss at the end of the year. Auty (2012) was the first author to use the term resource curse to describe how countries rich in natural resources were unable to use that wealth to boost their economies; these countries had lower economic growth than countries without an abundance of natural resources. Some studies including one by Nwezeaku (2014) and Oremade (2014) have investigated the relationship between abundance of natural resources and poor economic growth. Oremade (2014) stressed that in the traditional Commons Problems, free access to a finite resource eventually dooms the resource through overexploitation. Natural resources can and often do provoke conflicts within the society as diverse factions fight for their share. This tends to erode government's ability to function effectively (Gylfason, 2011; Clemente, 2012; Appah and Oyandonghan, 2012; Ola, 2011).

2.3.2 Stakeholders Theory

The Stakeholder theory is fairly straightforward. The term "stakeholder" first appeared in the business lexicon after its introduction by Robert K. Merton in the 1950s, and it first appeared in the 1963 management literature at Stanford Research Institute. The stakeholder concept was defined originally as being "those groups without whose support the organization would cease to exist". Freeman was the first scholar to provide a theory that examined the role and impact of actors with divergent agendas on an enterprise, firm; in his works, he sought to provide an understanding of the dynamic relationships that a typical company develops with its external environment, and its behaviour within this environment. This body of early research emphasized the fact that a wide variety of internal and external actors have an impact on a company's actions. As a result, stakeholders today are regarded as being "any group or individual who can affect or is affected by the achievement of the organization's objectives and as such firms should identify their direct and indirect stakeholders". Along these lines, Donaldson and Preston (1995) maintained that individual stakeholder groups are not so readily discernible; however, it is the interests that groups represent (internal or external) that can be highlighted. ThereforeKakabadse suggests that today, it is the "interest" that is the critical variable rather than the individual stakeholders involved (Arias, 2009).

3. METHODOLOGY

The methodology employed is the ex-post factor research designed. The coverage is Nigeria oil revenue census from 2000 to 2018. Data were analysed using ordinary least square (OLS). Diagnostic test to

ensure robustness of work was done using augmented Dickey Fuller (ADF) unit root test, co-integration, error correction method and causality test.Ordinary Least Square (OLS) regression technique will be used as it is useful for estimation and (Gross Domestic Product) which is the dependent variable will be regressed on the explanatory variable in the equation which is Oil Revenue. Some statistical and econometric test will be used to evaluate the regression.These include; Multiple R; which is the correlation coefficient and it measures the extent of the relationship between variables, R – squares; which is the coefficient of determination and measures the percentage (proportion) of variation in the dependent variable that can attribute to the independent variables, The F statistics, The Beta coefficient which measures the relative significance of each of the independent variable, "t" statistics and Durbin Watson test.

$YGDP = f(OILR)$
$YGDP_t = \alpha + \beta_1 logOILR_t + Ut$ ………………………………………………………………………… 1
Where;
YGDP = Gross Domestic Product
OILR = Oil Revenue
U= Error term
A priori expectation is that β_1, β_2, β_3 and $\beta_4 > 0$

α is to take care of the constant variable; β_1 is the coefficient of OILR (Oil Revenue) which is expected to be greater than Zero because it is positively related to Economic growth. Time series data covering a period of 18 years will be estimated using Co-integration technique of analysis which is an improvement on the classical ordinary least square technique (OLS). This technique was chosen as it depicts long-run economic growth. The following techniques of estimation are employed in carrying out the co-integration analysis.

4. RESULTS AND DISCUSSION

Data Analysis and Presentation of Results

Year	GDP Billions NGN	Oil Revenue Billions NGN
2000	6713574.84	1,591.68
2001	6895198.33	1,707.56
2002	7795758.35	1,230.85
2003	9913518.19	2,074.28
2004	11411066.91	3,354.80
2005	14610881.45	4,762.40
2006	18564594.73	5,287.57
2007	20657317.67	4,462.91
2008	24296329.29	6,530.60
2009	24794238.66	3,191.94
2010	54612264.20	5,396.09
2011	62980397.21	8,878.97
2012	71713935.05	8,025.97
2013	80092563.38	6,809.23
2014	89043615.26	6,793.82
2015	81022130.00	3,830.10
2016	85753873.00	2,693.90
2017	92540053.00	4,109.80

Source: Central Bank of Nigeria (CBN) Statistical Bulletin Vol 28, 2017

Table: 4.2.2: Results of Unit Root Test

Variable	ADF Lags	ADF test statistics with constant but no linear trend	Critical Value for ADF at 95%	Order of Integration
D (GDP)	**2**	**-6.450118**	**-3.081002**	**1**
D(OILR)	**2**	**-5.095274**	**--3.098896**	**1**

The results in Table 4.2.2 show that the entire variables are stationary trends in their second difference. The ADF test statistics of each is less than the absolute value that is; the 95 percent critical value. Thus, the entire Oil and Gas Revenue trend affects the Economic Growth of Nigeria

4.1.3 Regression Analysis

Dependent Variable: GDP
Method: Least Squares
Date: 09/20/19 Time: 14:45
Sample: 2000 2017
Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8280076.	15826411	0.523181	0.6080
OILR	7609.949	3166.605	2.403188	0.0287

R-squared	0.265223	Mean dependent var	42411739
Adjusted R-squared	0.219299	S.D. dependent var	33529326
S.E. of regression	29625595	Akaike info criterion	37.35061
Sum squared resid	1.40E+16	Schwarz criterion	37.44954
Log likelihood	-334.1555	Hannan-Quinn criter.	37.36426
F-statistic	5.775314	Durbin-Watson stat	0.183840
Prob(F-statistic)	0.028736		

The result of the regression equation is presented below:

$GDP = b_0 + b_1OILR + ei$

GDP = 8280076 + 7609.95OilR

(0.5232) (2.4032)

* The parenthesized figures below the coefficients are the t-values.

R-Square: 0.265223

Adjusted R-square: 0.219299

Standard Error: 29625595

F- Statistics: 5.775314

Durbin Watson: 0.183840

Oil Revenue is found to be positive and significant at a t– ratio of 2.4032. It has a positive impact on Gross Domestic Product, having the value of its coefficient as 7609.95. The sign indicates that Oil Revenue is positively related to Gross Domestic Product.

Coefficient of determination (R^2)

The R-Square is 0.265223, which suggests a strong positive relationship between the dependent variable that is: Gross Domestic Product and the independent variable(Oil Revenue). The adjusted R^2 of 0.219299 suggests that 22% of the total change in Gross Domestic Product can be attributed to the Independent variables.

F-TEST

If F*>F, we reject the null hypothesis and if otherwise, we accept the null hypothesis. Given the results on the ANOVA table, the observed F* = 5.775314

At 5% level of significance, our theoretical F, given our level of significance and degree of freedom is $F_{0.05}$ = 5.775314 comparing these values

$F^* > F_{0.05}$

i.e. 5.775314 > 3.23

The conclusion from such result is that we reject our null hypothesis that all bi are zero and accept our alternative hypothesis that all bi are different from zero.

4.1 Discussion of Findings

The regression result showed that the coefficient is negative, even though it has a positive relationship with economic growth in the long-run as revealed by the Regression result. This variable is expected to have positive relationship with economic growth both in the short run and in the long-run. The positive relationship between the two variables signifies that revenue generated from oil has formed the major source of revenue of Nigerian government. Since its discovery, the sector has contributed to over 80% of government revenue in Nigeria.The flux of revenue from the sector has led to the neglect of other sectors especially the agricultural sector, which is why the short term result reveals a negative relationship between oil revenue and economic growth at large. The Oil mining and export on the other hand is positively related to economic growth.

The result revealed that Oil Revenue has positive impact on the economic growth in both the short and long run. The signs of Oil Revenueare expected to be positive for economic growth to take place. This has to do mainly with the state and expenditure pattern of government. The expenditure of government through accelerator principle is supposed to spur every other sector of the economy. As postulated by Keynes, if an economy is experiencing recession, government can through her expenditure boost the economy by increasing her expenditure thereby raising the aggregate demand of the economy, depending on the multiplier. In Nigeria, oil revenue constitutes 80% of government revenue which they in turn expend to drive the economy.If government spends without adhering to certain guiding principles such as principle of sanction and principle of economy among others, it can lead to a negative relationship between government spending and economic growth in both the short and long-run. This finding corroborates the result of Baghebo and Atima (2013) who examined the impact of petroleum revenue on

economic growth in Nigeria and concludes that there is a positive and significant relationship between petroleum revenue and economic growth in Nigeria.
The findings of Adamu (2015) supports the findings of the study that revealed that Oil Revenue have positive impact on the economic growth in both the short and long run. The sign of Oil Revenueare expected to be positive for economic growth to take place. This has to do mainly with the state and expenditure pattern of government. The expenditure of government through accelerator principle is supposed to spur every other sector of the economy. Moreso, in line with the findings of Usmanand Abdullahi (2015), the Nigeria oil revenue constitute 80% of government revenue which they intern expend to drive the economy, if government spend in without adhering to certain guiding principles such as principle of sanction, principle of economy among others it can lead to negative relationship between government spending and economic growth in both short and long-run.

5. CONCLUSION AND RECOMMENDATIONS

Nigerian economic growth is highly dependent on the oil revenue. Hence, if there is a glut and fall in oil price in international market, it may be a great disaster on the economy and to the citizenry of the country. There is no doubt that the upstream sector of the oil industry in Nigeria is the most developed and it has attracted considerable foreign capital inflows. Petroleum has led to significant increase in the revenue of the nation. For instance in the last three decades, it has accounted for the majority of government revenue. Money realized from these petroleum products has helped the government of Nigeria to embark upon the expansion of the existing educational facilities, the establishment of new ones and the development of basic infrastructural facilities etc. Petroleum has also resulted in increased export earnings thereby improving the country's external trade position. The net effect of this is a significant improvement in the country's balance of payment position. That is to say, since Nigeria started exporting refined petroleum products; her gloomy balance of payments has improved tremendously.

Consequently, the economy will be disengaged from stigma and economic quagmire that have been inhibiting the Nigerian economy from experiencing real economic growth/development. It can therefore be concluded that since the prices of petroleum products have impact on the economic growth, the government needs not to take off its hand entirely in the control and regulation of the sector. This does not say that deregulation is not good or that the sector should not be deregulated, but for the advantages of deregulation to be achieved, the government must make sure that the principles of the deregulation are faithfully practiced. It is also important that uniform pricing is practiced throughout the nation because of the essential nature of these products in the society.Over the years, the Petroleum Industry in Nigeria has been fraught with many problems. These problems have been due to Government control through policies as well as private influence which include mostly marketing. The effect of these policies and influence led to the following: Scarcity of petroleum product, Low accessibility and affordability of consumers, Deterioration of most of the distribution channels, increased risk of health and environmental safety and inadequate provision and sourcing of foreign exchange to finance importation of petroleum products. Based on the findings of the study, the following recommendations are made:

(i). Government should use the revenue generated from petroleum, to invest in other domestic sectors such as the Agricultural and manufacturing sector in order to expand the revenue source of the economy and also increase the revenue.
(ii). The Nigerian government should invest oil revenue more in the economic sectors that have significant and direct bearing on the economy in order to improve the value of gross domestic product.
(iii). Government should give training on quality systems, technology development and directly acquire foreign technology for use by local firms.
(iv). Government should focus not only on petroleum revenue generation but should also re-direct its attention to proper management of the revenue and effective control of necessary expenditure.
(v). The Nigerian government should focus on the need for diversification into other sources of revenue in order not to be affected by fall of oil price in the international market.

(vi). The government should develop other sectors of the economy such as the agricultural sector and industrial sector by providing incentives such as tax concession and provision of facilities needed by these sectors in order to boost more production.
(vii). The government should build more refineries to complement the existing ones since that will go a long way to satisfy domestic consumption and generate more revenue for the country.

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