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A GOOD STRATEGY IS DEPENDENT ON THE ENVIRONMENT, ORGANISATION OBJECTIVES, STRUCTURE, CULTURE AND POWER: A COMPREHENSIVE ANALYSIS OF A NEW UNBUNDLED NNPC

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Abstract: The transformation of NNPC under the Petroleum Industry Act (2021) aimed to promote commercial efficiency and good governance. However, structural change alone may be insufficient if legacy systems, entrenched cultures, and power imbalances remain unaddressed. This study examines whether NNPC Limited is strategically aligned to meet its commercial mandate and evaluates the challenges of implementing reform within a politically influenced environment. The objective is to analyse the interplay between key organisational elements and assess their impact on the company's ability to function as a commercially viable entity. Adopting a content analysis methodology, the study found that although restructuring efforts occurred in 2000, 2009, and 2016, only the 2021 Petroleum Industry Act (PIA) provided the legal foundation for effectively unbundling and commercialising the NNPC; transforming it into NNPC Limited, a profit-oriented, corporatised entity with clearer governance and strategic focus. The study recommends sustained political commitment and depoliticisation, institutionalising a performance-driven culture, strengthening legal and regulatory enforcement, and accelerating infrastructure and financial market readiness for privatisation.

Keywords: Strategy, environment, organisation, and NNPC.

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Introduction

The formulation and success of any organisational strategy depends heavily on key internal and external factors, including the operating environment, organisational objectives, structural configuration, corporate culture, and the distribution of power (Fuertes et al., 2020). These elements interact to shape an organisation's capacity to respond effectively to change, achieve performance targets, and ensure long-term sustainability. In terms of public enterprises, particularly in strategic sectors like oil and gas, these dynamics are even more critical.

Established in 1977 through the merger of the Nigerian National Oil Corporation and the Federal Ministry of Mines and Steel, the Nigerian National Petroleum Corporation (NNPC) served for decades as the state's principal vehicle for oil exploration, production, and regulation. However, its dual role as both operator and regulator, coupled with longstanding concerns around inefficiency, opacity, and political interference, led to sustained calls for reform. The unbundling of NNPC into NNPC Limited, in line with the Petroleum Industry Act (2021), represents a significant shift aimed at improving corporate governance, commercial efficiency, and investor confidence. However, a strategic transformation of this scale demands more than structural reconfiguration; it requires alignment across all key organisational elements ("NNPC," 2025).

This study addresses the pressing need to assess whether the unbundled NNPC is strategically aligned to fulfil its new commercial mandate, particularly within Nigeria's complex and politically influenced environment, where legacy structures and practices may still hinder effective transformation. Although the legislative framework now requires NNPC Limited to operate as a commercially driven entity, questions remain regarding the compatibility of its internal culture, decision-making structure, and power dynamics with its stated objectives. The objectives this study seeks to address are to conduct a comprehensive analysis of NNPC Limited's strategic alignment with these critical organisational variables, evaluate the practical challenges of reform implementation, and offer insights into the prerequisites for strategy success in Nigeria's state-controlled enterprises.

Scope of the Study

This study focuses on the strategic transformation of the new unbundled Nigerian National Petroleum Company (NNPC), examining how environmental conditions, organisational objectives, structure, culture, and internal power dynamics influence strategy formulation and implementation. The analysis spans governance practices, institutional frameworks, and strategic alignment within the post-PIA reform context.

Methodology

This study adopts a content analysis methodology, relying exclusively on secondary data to explore how environmental factors, organisational objectives, structure, culture, and power dynamics influence strategic development within the newly unbundled Nigerian National Petroleum Company (NNPC). This approach enables a critical and systematic examination of the institutional and political landscape shaping strategy formulation and implementation in state-owned enterprises. Data sources were carefully selected for their academic and institutional credibility, including peer-reviewed journals, government reports, policy documents, regulatory frameworks, reputable websites and media articles, legal instruments, and conference proceedings. Foundational texts and historical records were also reviewed to trace the evolution of organisational structures and strategic practices within the NNPC.

Clarification of Terms

1. **Strategy**: A strategy is a deliberate plan of action aimed at achieving specific goals, typically over the long term. It involves setting priorities, allocating resources, and outlining the methods and approaches needed to reach desired outcomes (Cambridge Dictionary, n.d.).
2. **Environment**: The overall social and cultural setting that shapes the experiences, behaviours, and development of individuals or communities Merriam-Webster. (n.d.).
3. **Organisation**: An organisation is a coordinated group of people who work together in an organised manner to accomplish a specific goal. It may take the form of a business, charity, government department, or a subgroup within a larger institution (Cummins, 2017).
4. **Unbundling**: Unbundling is a corporate strategy in which a company separates, sells, or spins off parts of its business—such as specific product lines or divisions—to improve the efficiency and focus of its main operations (Kenton, 2021).
5. **Nigerian National Petroleum Company (NNPC)**: The Nigerian National Petroleum Company, now operating as NNPC Ltd. or NNPCL, is a government-owned corporation responsible for overseeing oil and gas operations in Nigeria (Makinde & Kuye, 2022).

Legal Framework

The Nigerian National Petroleum Corporation (NNPC) now operates under a dual legal framework composed of the Nigerian National Petroleum Corporation Act (NNPC Act) and the Petroleum Industry Act (PIA). The enactment of the PIA in 2021 marked a significant turning point in the governance and structure of Nigeria’s oil and gas sector. It introduced sweeping reforms aimed at enhancing transparency, efficiency, and investment by establishing both a commercial orientation for the national oil company and new regulatory authorities. As a result, the former NNPC was transformed into Nigerian National Petroleum Company Limited (NNPC Ltd.), a commercially-driven entity incorporated under the Companies and Allied Matters Act (CAMA) 2020 (Petroleum Industry Act, 2025; Okoroma-Vincent, 2022).

The NNPC Act originally established NNPC as a statutory corporation with defined powers and responsibilities in the petroleum industry. It granted the corporation specific legal protections, including requirements for pre-action notices before litigation. However, with the introduction of the PIA, a new governance structure was created. Agu and Onasoga (2024) explain that the PIA facilitated the incorporation of NNPC Ltd. under CAMA, officially transitioning it from a public statutory corporation to a limited liability company governed by general corporate law. This reform aims to align NNPC’s operations with private-sector efficiency while retaining public ownership, with the Ministry of Finance serving as the primary shareholder.

In addition to the NNPC Act and PIA, other legal instruments remain relevant to NNPC’s operations. The Companies and Allied Matters Act (CAMA) governs the formation and management of all corporate entities in Nigeria, including NNPC Ltd. The Environmental Impact Assessment (EIA) Act mandates environmental evaluations for projects, which is particularly pertinent in the petroleum sector. Furthermore, the Petroleum Profit Tax Act regulates the taxation of profits from petroleum operations, forming a critical component of the fiscal framework under which NNPC Ltd. must operate (Agunia, 2023).

Literature Review

Strategic Management Theories and Models

Strategic management theories and models provide the foundational frameworks for understanding how organisations formulate, implement, and evaluate strategies to achieve long-term goals. These theories guide decision-making by offering structured approaches to analysing the internal and external environments, allocating resources, and sustaining competitive advantage. From classical models such as Porter’s Five Forces to more contemporary approaches like the Resource-Based View (RBV) and Mintzberg’s Emergent Strategy, each framework offers unique insights into navigating complex business landscapes.

1. **Porter’s Five Forces**: This is a framework used to examine how competitive and appealing an industry is. It helps companies grasp the key factors that influence competition and potential profits in a particular market. The five forces include: competition among existing firms, the risk of new companies entering the market, the influence suppliers have, the power held by buyers, and the possibility of alternative products or services replacing existing ones (“Porter's Five Forces Analysis,” 2025). It helps organisations analyse their external environment, which is a key part of strategic planning and management.
2. **Resource-Based View**: The resource-based view (RBV), also known as the Resource-Based Theory (RBT), is a strategic management theory that emphasises a firm's internal resources and capabilities as key sources of competitive advantage. It argues that when these resources are valuable, rare, difficult to imitate, and not easily replaced (VRIN), they can enable the firm to achieve and maintain long-term success in the market (Utami & Alamanos, 2025).
3. **Mintzberg’s Emergent Strategy**: Mintzberg’s concept of emergent strategy is the idea that strategies can form gradually within an organisation through day-to-day decisions and reactions, rather than through deliberate planning. It represents a pattern of behaviour that evolves in response to both external conditions and internal learning. In essence, it is the strategy that unfolds naturally over time, shaped by real-world experiences and adaptations (Hernández-Betancur et al., 2020).

Organisational Environment and External Influences

The organisational environment encompasses a broad range of internal and external factors that shape a company’s operations, decision-making processes, and strategic direction. External influences, such as economic conditions, political and legal frameworks, social and cultural trends, technological advancements, environmental concerns, and industry competition, lie outside an organisation's direct control but have significant implications for performance and planning. These influences can create both opportunities and threats, affecting areas such as marketing, product development, and resource allocation. For instance, changing consumer preferences might prompt a shift in marketing strategy, while evolving environmental regulations or technological innovation may require operational adjustments. In this regard, understanding the macro environment becomes essential for strategic positioning.

A widely used tool for analysing these external influences is the PESTEL framework, which examines Political, Economic, Social, Technological, Environmental, and Legal factors. Each element contributes uniquely to shaping business dynamics: political influences, such as regulation and taxation, affect operational certainty; economic indicators like inflation and disposable income influence demand; social and cultural factors guide consumer behaviour; and technology drives innovation and efficiency. Environmental concerns increasingly push organisations towards sustainable practices, while legal standards ensure compliance and reduce risk (The Investopedia Team, 2025). According to Khan (2023), PESTEL analysis enables organisations to anticipate opportunities, such as shifts in consumer expectations or access to new markets, and respond to threats like regulatory changes or economic downturns. When applied regularly, it allows firms to remain flexible, competitive, and aligned with broader socio-economic and environmental developments.

In Nigeria, the oil and gas sector vividly illustrates how external factors influence organisational strategy. The Nigerian National Petroleum Company Limited (NNPCL), for example, operates within a sector shaped by decades of reform, ongoing regulatory pressure, and global shifts toward cleaner energy. These external forces influence not only NNPCL's daily operations but also its long-term strategic management. As Atie (2025) explains, the oil and gas industry has historically been central to Nigeria's economic development, contributing significantly to public revenue and foreign exchange. However, the sector has also faced longstanding issues such as environmental degradation and corruption. In response, several key legislative reforms have been introduced, including the Petroleum Industry Act (PIA) of 2021, the Nigeria Liquefied Natural Gas (NLNG) Act of 1990, the Local Content Act of 2010, and the Niger Delta Development Commission (NDDC) Act of 2000. These laws aim to enhance transparency, increase local participation, and promote sustainability within the industry.

Despite these reforms, Nigeria's oil and gas sector continues to face considerable external pressures. According to Oyewunmi and Olujobi (2016), the implementation of the PIA remains inconsistent, posing challenges in compliance, especially concerning transparency in revenue disclosures. Infrastructure remains underdeveloped, with urgent needs for pipelines, refineries, and storage facilities, all of which are affected by security concerns in the Niger Delta. Additionally, the sector must navigate the global energy transition, balancing its heavy reliance on oil with the need to invest in renewable alternatives. Regulatory inefficiencies and bureaucratic delays, particularly from bodies like the NUPRC, further complicate progress. Fiscal changes under the PIA also have implications for public finances, potentially reducing revenue for federal and state governments. As Resolution Law Firm (2024) and Nwuke (2021) note, environmental issues like gas flaring and methane emissions remain major concerns, despite new regulations aimed at curbing them.

Nigeria's Energy Transition Plan, launched in August 2022, represents a strategic response to these challenges. As outlined by Onyeuche (2023), the plan targets net-zero emissions by 2060 and focuses on reducing greenhouse gas emissions in five key sectors: oil and gas, power, cooking, transport, and industry. These areas account for around 65% of Nigeria's total carbon emissions, with oil and gas contributing the least. The initiative reflects Nigeria's commitment to align with global climate goals and mitigate the risks associated with oil market volatility, particularly as Brent crude prices continue to fluctuate above $94 per barrel. Onyeuche (2023) further notes that, despite economic challenges like declining revenues and post-COVID disruptions, the government is pushing forward with reforms aimed at natural gas commercialisation and infrastructure development. The passage of the PIA was a significant turning point, leading to institutional restructuring and the formation of NNPC Limited and new regulatory bodies. Programmes such as the Nigerian Gas Flare Commercialization Program (NGFCP), supported by international partnerships, especially with the United States, aim to turn flared gas into ammonia for fertiliser and export, thus boosting revenue and supporting environmental goals.

The complexity of these challenges and reforms underscores the relevance of the VUCA framework, Volatility, Uncertainty, Complexity, and Ambiguity, in understanding Nigeria's strategic environment. In volatile contexts like the global energy market, organisations must remain agile and responsive to rapid changes. Uncertainty, such as unpredictable regulatory outcomes, complicates planning, while the complexity of the oil and gas ecosystem—spanning politics, environment, and international markets—requires integrated thinking. Ambiguity in policy interpretation or global energy shifts further muddies strategic clarity. As research suggests, thriving in a VUCA environment demands adaptive, flexible strategies, decentralised decision-making, and leadership that can guide organisations through uncertainty. For NNPCL and similar entities, navigating these conditions is essential for sustainable growth and long-term competitiveness.

Organisational Objectives and Strategic Alignment

According to Edwards (2024), strategic planning is a vital process through which organisations translate their mission, vision, and values into actionable steps. These three elements, which are mission, vision, and values, form the foundation of an organisation's identity and direction, shaping its purpose, long-term goals, and guiding principles. Effective strategic planning begins with a clear articulation of these foundations, followed by a thorough assessment of internal capabilities and the external environment. Tools such as SWOT analysis (strengths, weaknesses, opportunities, and threats) help organisations establish strategic goals that are both grounded in reality and ambitious in scope. These goals serve as a roadmap for resource allocation, operational focus, and performance management.

However, setting strategic goals alone is insufficient without ensuring alignment across all levels of the organisation. Strategic alignment is the process of harmonising the organisation's goals, departments, roles, and daily activities with its overarching mission and vision. It ensures that all units work collaboratively toward shared priorities and that decision-making at every level is guided by clearly defined strategic objectives.

Alignment enhances efficiency, reduces redundancies, and promotes accountability by linking individual responsibilities to broader organisational outcomes. Regular communication, cross-functional collaboration, and feedback mechanisms are crucial in maintaining this alignment, especially in dynamic and uncertain environments (Rosemary, 2023; Ziemba, 2025).

Ultimately, strategic alignment fosters a unified organisational culture where all employees understand their roles in achieving long-term success. It improves adaptability by allowing organisations to pivot in response to shifting market demands or internal challenges while maintaining a focus on their core mission. Additionally, alignment strengthens employee engagement, as individuals are more motivated when they see how their work contributes to meaningful goals. Celebrating milestones and regularly reviewing performance through key indicators ensures ongoing relevance and momentum. Thus, when strategic planning and alignment are effectively integrated, organisations are better positioned to operate with purpose, respond to change, and deliver consistent value to stakeholders.

When strategic plans contain well-defined objectives and measurable indicators, they establish a structure that aligns employees with the organisation's overarching goals. Zurub (2024) writes that this alignment can significantly enhance employee performance in the following ways:

1. **Clarity of Purpose and Role Alignment**: Clearly defined strategic goals help employees understand expectations and how their roles contribute to wider organisational objectives. This reduces ambiguity and fosters purposeful engagement.
2. **Motivation through Ownership and Incentives**: When employees see their work tied to strategic outcomes, they develop a sense of ownership. Performance indicators also serve as motivation by providing measurable targets and recognising achievements.
3. **Focused Training and Career Development**: Strategic objectives highlight skill gaps and inform targeted training programmes. This equips employees with relevant competencies and supports their career progression, increasing satisfaction and retention.
4. **Objective Performance Evaluation and Accountability**: Strategic indicators enable data-driven performance assessments and timely feedback. Clear benchmarks help recognise excellence and address underperformance, ensuring alignment with organisational goals.
5. **Enhanced Collaboration and Team Synergy**: Strategic alignment across departments encourages cooperation, knowledge sharing, and a sense of shared responsibility. This strengthens teamwork and improves overall organisational effectiveness.
6. **Organisational Flexibility and Continuous Improvement**: A well-communicated strategic plan prepares employees to respond to change and fosters a culture of ongoing improvement, where staff actively seek ways to enhance performance in line with goals.
7. **Increased Job Satisfaction and Employee Retention**: When employees understand how their efforts impact organisational success, they experience higher job satisfaction. A culture of recognition and clarity promotes loyalty and attracts top talent.

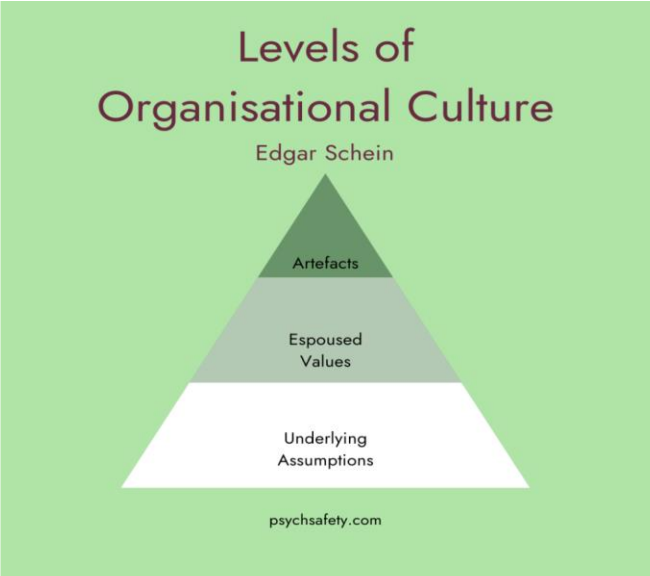
In Nigeria, a significant challenge lies in the frequent misalignment between stated goals and actual performance outcomes across various sectors. This disconnect can stem from various factors, including poor strategic planning, inadequate communication, inefficient resource allocation, and a lack of robust performance management systems. Several case studies highlight these issues and their detrimental effects on organizational effectiveness and national development. For instance, despite the goals of Nigeria's Vision 2020 to support the growth of Small and Medium Enterprises (SMEs), many SMEs continue to underperform due to persistent issues such as unreliable power supply, limited access to funding, and poor managerial capacity. Similarly, the public sector has struggled with inefficiencies, as evidenced by the underwhelming performance of institutions like the former Electric Power Authority (now PHCN) and the Nigerian National Petroleum Company. These cases highlight a broader pattern of misalignment between policy objectives and actual outcomes, resulting in ongoing challenges in service delivery and economic development (Tijjani et al., 2023; Esu & Inyang, 2009).

Structure, Culture, and Power Dynamics in Strategy Execution

The structure of an organisation plays a crucial role in its ability to be agile and responsive (Robinson, 2025). An effective structure supports quicker decision-making, clearer communication, and better adaptation to change. In contrast, a poorly organised structure can lead to delays, communication breakdowns, and slow reactions to shifting market conditions. An organisation's ability to remain agile and adapt to changing market conditions is heavily shaped by its structural design. The organisational structure determines not only the chain of command but also how decisions are made and how information flows throughout the business. A well-structured organisation can improve responsiveness, drive innovation, and strengthen competitive advantage. In contrast, a poorly arranged structure may delay adaptation, reduce efficiency, and inhibit growth.

Decentralised structures, where decision-making authority is pushed closer to operational levels, often enhance responsiveness by allowing teams on the front lines, who are more in touch with customers and market trends, to act swiftly. McKinsey reports that organisations with such agile, decentralised models are 1.5 times more likely to achieve above-average growth compared to those using rigid, top-down systems; that is, hierarchical organisational models. Likewise, flat organisational models, with fewer managerial layers, promote faster communication and quicker decisions. For instance, fashion brand Zara's flat structure allows it to rapidly interpret and act on fashion trends, taking new designs from development to retail in weeks. However, while decentralisation and flatter hierarchies can improve agility, they must be supported by effective leadership and well-defined communication channels to avoid disorganisation and ensure alignment with strategic goals (Salo, 2017; Adomako et al., 2021).

According to Schein, organisational culture plays a critical role in shaping how organisations respond to change, acting as either a catalyst or a barrier to adaptation (Valentin & Călin, 2024). His model identifies three interrelated levels of culture: artefacts, espoused values, and underlying assumptions. Artefacts are the most visible expressions of culture, such as dress codes, office design, or communication styles, and are relatively easy to alter, though superficial changes at this level rarely lead to meaningful transformation. Espoused values, such as mission statements and stated norms, exert more influence when they are aligned with the deeper cultural layers. At the foundation lie underlying assumptions; deep-seated, often unconscious beliefs that govern behaviour and decision-making. These are the most difficult to change, but they exert the strongest influence on organisational dynamics. As such, the more deeply rooted a cultural element is, the more challenging it becomes to shift, making culture a central factor in an organisation's capacity for change. Visually, Edgar Shein's model of organisational culture is displayed below:



Schein's Three Levels of Organisational Culture

Organisational culture plays a crucial role in enabling or resisting change (Rasak, 2022). A supportive culture, characterised by open communication, collaboration, and a commitment to learning, creates an environment where employees are more receptive to new ideas and methods. When a culture is adaptive, prioritising innovation, flexibility, and continuous improvement, organisations are better equipped to respond to evolving market demands and technological shifts. A shared vision and consistent values further strengthen cultural support for change, as they offer employees a unified sense of purpose and motivation to work toward common objectives.

Conversely, a rigid and hierarchical culture can act as a barrier to change, where strict adherence to rules discourages innovation and flexibility (Abbott, 2025; Wijethilake et al. 2021). Cultures rooted in fear, especially fear of failure or uncertainty, can also inhibit change, as employees may resist new initiatives out of concern for their job security or potential negative consequences. When psychological safety is lacking, staff are less likely to express concerns, suggest improvements, or adopt new behaviours. To manage cultural change effectively, leaders must first assess the existing culture, confront deeply held assumptions, and foster a supportive environment through communication, training, and active involvement. Crucially, leaders must lead by example, demonstrating the behaviours and values that reflect the intended cultural shift.

Kasali (2020) finally states that power and politics in organisations, particularly in public or state-controlled institutions like the Nigerian National Petroleum Company (NNPC), play a significant role in shaping decision-making, resource allocation, and organisational behaviour. In such institutions, power is often concentrated among top executives and politically appointed leaders, which can result in strategic decisions being influenced more by political interests than by organisational efficiency or market responsiveness. This politicisation may lead to patronage, bureaucratic delays, and resistance to reform, especially when change threatens existing power structures. Additionally, informal networks and alliances within the organisation can undermine formal authority, making it difficult to implement policies transparently or hold individuals accountable. Consequently, navigating organisational politics becomes essential for managers and employees alike, often affecting performance, morale, and the overall integrity of institutional governance (Miller, 2024).

Strategic Reforms and Unbundling of NNPC

Policy papers on the Petroleum Industry Act (PIA) offer a detailed examination of its expected influence on Nigeria's oil and gas sector, particularly regarding transparency, investment attraction, and sustainable development. Onuh (2021) explained that these analyses focus on key themes such as governance reforms, where institutions like the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) are evaluated for regulatory effectiveness; fiscal adjustments including new royalty, tax, and production-sharing frameworks; and environmental regulations aimed at reducing gas flaring and supporting remediation efforts. The PIA's emphasis on host community development through mandated Trusts is also assessed for its potential to enhance local inclusion and benefits. Additionally, the papers highlight implementation challenges such as limited capacity, funding constraints, and regulatory ambiguities. Notable examples of such research include studies analysing the PIA's constitutional alignment with economic goals, its governance dimensions, and its likely impact on oil production and investment trends in the sector (Petroleum Industry Act, 2021).

Comparative studies on national oil companies (NOCs) that have undergone structural reforms reveal important lessons for countries aiming to improve governance and efficiency in their energy sectors. Countries such as Norway, Brazil, and Saudi Arabia offer relevant examples. For instance, Norway's Statoil (now Equinor) underwent significant reforms that introduced corporate governance structures, improved transparency, and shifted the company towards a more commercially driven model (Equinor, 2010). Similarly, Brazil's Petrobras implemented reform measures aimed at combating corruption and restoring investor confidence following major scandals (Sotero, 2022). In Saudi Arabia, the partial listing of Saudi Aramco marked a shift towards greater financial transparency and accountability (Gross, 2017). These cases demonstrate that reforms such as corporatisation, clear regulatory frameworks, and improved oversight can strengthen the performance and global competitiveness of NOCs. They also highlight the importance of aligning reforms with broader national objectives and institutional capacity.

Discussion of the Study

The study found that there have been a number of attempts at unbundling the NNPC, notably in 2000, 2009, and 2016, but only the 2021 PIA provided the legal framework necessary to fully transform and commercialise the NNPC. For instance, before the recent iteration of the NNPC's unbundling, in 2016, the Federal Government approved a significant restructuring of the Nigerian National Petroleum Corporation (NNPC), resulting in the creation of seven distinct operational units. This development was confirmed by the then Minister of State for Petroleum Resources, Dr Ibe Kachikwu, who stated that five of these units would operate as commercially driven entities, consistent with international standards.

Akintoye (2016) then reported that the new operational divisions comprise Upstream, Downstream, Gas and Power, Refineries, Ventures, Corporate Planning and Services, and Finance and Accounts. Each unit is to be led by a designated Chief Executive Officer. Notable appointments include Bello Rabiu (Upstream), Henry Ikem-Onih (Downstream), Anibor Kragha (Refineries), Saidu Mohammed (Gas and Power), and Babatunde Adeniran (Ventures). Additional leadership roles include Isiaka Abdulrazaq overseeing Finance and Services, and Isa Inuwa managing Corporate Services.

Dr Kachikwu had earlier announced plans to unbundle the NNPC into 30 self-sustaining, revenue-generating subsidiaries. Speaking at the Oloibiri Lecture Series and Energy Forum hosted by the Society of Petroleum Engineers, he emphasised that this comprehensive reform aimed to restore profitability and operational stability to the sector. The restructuring was presented as a strategic move to transform NNPC into a more efficient, performance-oriented organisation, capable of generating substantial returns—something that had remained elusive for over a decade.

On 19 July 2022, President Muhammadu Buhari formally unveiled the Nigerian National Petroleum Company Limited (NNPC Limited), marking its transition into a limited liability company with a commercial mandate to oversee Nigeria’s oil and gas operations. This transformation was initiated by the Petroleum Industry Act (PIA) of 2021, which laid the legal foundation for the restructuring, with Section 53(1) of the Act requiring the incorporation of NNPC Limited within six months. The Corporate Affairs Commission completed this process on 21 September 2021, registering NNPC Limited with an initial share capital of ₦200 billion, making it the highest in Nigeria’s corporate history. This shift signifies the company’s evolution from a wholly state-run entity into a commercially driven oil corporation, currently owned by the Federal Government through the Ministry of Finance Incorporated. While NNPC Limited remains under government ownership for now, plans are underway to eventually privatise parts of its operations through a public listing on the Nigerian Exchange, allowing both citizens and investors to acquire shares. Since its establishment in 1977, NNPC has managed Nigeria’s petroleum resources and served as a key partner with international oil companies, including overseeing the nation’s four refineries (Okoroma-Vincent, 2022).

The unbundling of the Nigerian National Petroleum Corporation (NNPC) into NNPC Limited under the Petroleum Industry Act (PIA) 2021 represents an important change in aligning the organisation with key strategic determinants. In terms of environment, the move responds to decades of inefficiencies within a politically dominated oil sector by embedding NNPC in a more competitive and commercially oriented framework. The organisational objectives have evolved from a state-run service model to one driven by profitability, transparency, and investor confidence.

Structurally, the creation of seven operational units and the eventual incorporation of NNPC Limited under the Companies and Allied Matters Act (CAMA) introduced formal accountability systems and a clear division of responsibilities, with each unit led by a dedicated CEO. However, culture remains a challenging determinant; while the formal structure is modernised, legacy practices and state influence may still inhibit the full adoption of private-sector efficiency and performance norms. Regarding power, while the PIA attempts to decentralise and commercialise control, NNPC Limited remains fully state-owned, with the government still exerting significant influence over strategic decisions. Thus, while the unbundling aligns well with structural and legal reform, its success hinges on cultural transformation and the gradual shift of power away from entrenched political interests (Makinde & Kuye, 2022).

While Nigeria’s shift towards non-oil revenue represents a critical fiscal reorientation, the transformation process faces structural and operational challenges that threaten its sustainability. Key reforms, such as tax system improvements, enhanced customs operations, and digital integration, have yielded some gains, but progress remains uneven. Tax evasion, a persistent informal sector, and limited enforcement capacity hinder the broadening of the tax base. Despite innovations like the Integrated Tax Administration System (ITAS), a significant portion of economic activity still operates outside formal oversight. Similarly, customs and excise reforms continue to face challenges from smuggling, corruption, and infrastructural constraints. As Sunday et al. (2025) observe, while these reforms are essential in reshaping Nigeria’s fiscal structure, their effectiveness is often undermined by gaps in coordination and execution.

Beyond revenue mechanisms, deeper gaps exist in the diversification strategy’s structural foundation. Agriculture, manufacturing, and digital services are positioned to drive growth, but these sectors remain constrained by poor infrastructure, inconsistent regulatory enforcement, and limited access to finance. The government’s reliance on public-private partnerships and the planned privatisation of state-owned entities, such as NNPC Limited, offer some promise, yet they face governance bottlenecks and political resistance. According to Sunday et al. (2025), the success of the 2025 budget hinges not only on bold fiscal projections but also on the government’s ability to address longstanding structural weaknesses. Without substantial policy consistency, institutional reform, and investment in enabling infrastructure, the ambition to create a diversified, resilient revenue base may fall short of its transformative potential.

Successful strategy implementation in public-sector enterprises, particularly in the context of the Nigerian National Petroleum Company (NNPC) Limited, requires a combination of institutional stability, clearly defined objectives, competent leadership, and a supportive legal framework. For the NNPC, Jeremiah (2020) explores these suggested strategy implementations, stating that the passage of the Petroleum Industry Act (PIA) 2021 has laid a crucial legal foundation, but effective implementation further depends on aligning the organisation’s structure with its commercial goals, fostering a results-driven culture, and insulating operations from political interference. Adequate funding, robust regulatory oversight, transparency in governance, and investment in human capital are also essential. Additionally, building stakeholder confidence, especially from the public and international investors, through consistent communication and measurable performance outcomes is vital to ensure that strategic goals translate into tangible improvements in efficiency, profitability, and national value creation.

Recommendations

1. **Ensure Sustained Political Commitment and Depoliticisation**: For transformation efforts such as the unbundling of NNPC to succeed, consistent political will is essential. Governments must minimise interference in operational decisions and empower NNPC Limited to function with commercial autonomy, in line with global best practices.
2. **Institutionalise a Performance-Driven Culture**: Beyond structural reform, the NNPC must undergo cultural transformation by embedding private-sector management principles, including performance-based evaluations, transparent reporting, and corporate accountability, especially at the leadership level of its operational units.
3. **Strengthen Legal and Regulatory Enforcement**: The successful implementation of reforms like the PIA hinges on rigorous enforcement and regulatory oversight. Stakeholders should ensure that the legal provisions are not only symbolic but are backed by institutional mechanisms that guarantee compliance and penalise deviations.
4. **Accelerate Infrastructure and Financial Market Readiness for Privatisation**: In anticipation of public listing and broader investor participation, Nigeria must invest in supporting infrastructure, ensure macroeconomic stability, and enhance transparency in public-private partnerships to make NNPC Limited attractive and credible to both local and international investors.

Conclusion

This study examines the transformation of the Nigerian National Petroleum Corporation (NNPC) into NNPC Limited, tracing multiple unbundling efforts from 2000 to 2016, and highlighting the 2021 Petroleum Industry Act (PIA) as the decisive legal framework enabling true commercialisation. It outlines the restructuring into distinct operational units led by CEOs and driven by profitability and efficiency. However, it also notes enduring challenges such as political influence, cultural inertia, and infrastructural constraints that hinder full alignment with private-sector standards. The broader fiscal shift toward non-oil revenue is addressed, revealing both progress and persistent structural barriers. Ultimately, successful implementation requires legal enforcement, political commitment, and cultural transformation within the public sector.

The unbundling of NNPC represents a critical step toward modernising Nigeria's oil sector, but its long-term success depends on more than legal reform. Real transformation requires sustained depoliticisation, private-sector discipline, and institutional consistency. Without cultural change, regulatory enforcement, and strategic investment in supporting infrastructure, the gains from restructuring may remain limited. A truly commercial and efficient NNPC Limited can only emerge through integrated efforts that bridge policy intent and operational reality.

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