

1 Efficient Financing, Banking, and Foreign Exchange Operations
2 in Mitigating Refined Petroleum Shortages In Nigerian
3 Downstream Petroleum Supply Industry

4 Dr. Itsekor Lucky Ubini¹

5 ¹ Walden University

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8 **Abstract**

9 Every enterprise in Nigeria depends on refined petroleum product for either transportation,
10 power, or heat source. The recurrent shortages or scarcity of petroleum products in Nigeria
11 cripples business activities, which undermines the development of the economy. The purpose
12 of this multiple case study was to identify the strategic role of finance, banks, and foreign
13 exchange in mitigating petroleum shortages in the petroleum supply chain and to sustain
14 business development in Nigeria. The study participants include ten senior leaders from two
15 private-sector Nigerian downstream petroleum supply companies located in the Niger Delta
16 region, who had successfully implemented strategies for petroleum supply. The resource based
17 view theory served as the conceptual framework for the study. Data were collected through
18 semi structured face-to-face interviews and review of operational and policy documents from
19 the supply or marketing companies. Data were transcribed, analyzed, and validated through
20 member checking and triangulation. The findings indicate that petroleum leaders must engage
21 with efficient banks to obtain loans or letter of credit, liquidate letter of credit on time, obtain
22 foreign exchange at best rates, and avoid documentation hitches and delays on international
23 transactions. Findings may be used by petroleum business leaders and investors to create
24 effective and efficient financial resource management strategies in the supply chain, leading to
25 product availability, sustainability, poverty reduction, and economic development.

26

27 **Index terms**— refined petroleum, shortages, foreign exchange, banking, financing, economic development,
28 downstream supply, marketing, supply chain.

29 **1 Introduction**

30 Nigeria is a leading member of the organization of petroleum exporting countries (OPEC), with large reserves of
31 oil. Irrespective of the availability of petroleum resources, shortages of refined petroleum products exist in Nigeria
32 since the 1980s (Chigbu, Ubah, & Chigbu, 2016; ??suala, 2013). The Nigerian National Petroleum Corporation
33 (NNPC) regulates petroleum supply activities in the Nigerian downstream subsector (Osuala, 2013). However,
34 the regulatory activities of the NNPC have not created an efficient and effective petroleum supply framework
35 for the Nigerian nation (Adelabu, 2012; Ambituuni, Amezaga, & Emese, 2014; N Osuala, 2013). Shortages in
36 refined petroleum product supply exist in Nigeria, crippling business activities (Abutu, 2014; Aminu & Olawore,
37 2014).

38 The oil and gas downstream sector was deregulated in 2003, to usher in private investors for a sustainable
39 petroleum supply framework to enhance business development in Nigeria (Adelabu, 2012; Akinwotu, 2014; ??suala,
40 2013). In collaboration with the NNPC, activities of the private sector investors have grown to include depot
41 ownership with supply chain activities such as petroleum importation, bulk storage, haulage or distribution, and

4 A) A REVIEW OF THE PROFESSIONAL AND ACADEMIC LITERATURE

42 bulk or retail outlet sales ??Osuala, 2013). The support activities of the depot petroleum supply chain include
43 administration, technology, human resources, marketing, security, finance, and accounting. The financing aspect
44 of the industry usually involves banking and foreign exchange operations.

45 Finance is a key resource in the Nigerian Downstream Petroleum Supply Industry (NDPSI) as noted by
46 Olukoju(2014). In the NDPSI, finance is scarce. Financing activities in the petroleum industry is a function
47 of the Nigerian federal government until inefficiency sets into the sector (Chigbu et al., 2016). According to
48 Menicucci and Paolucci(2016), the banking sector plays a significant role in the development of any country
49 through financial intermediation such as the offering of credits and distribution of funds. Business in the NDPSI
50 is based and dependent on U.S. foreign exchange dollars. Also, Menicucci and Paolucci (2016) noted that only
51 sound banks can effect economic growth in a country.

52 The purpose of this article is to identify the strategic role of finance, banks, and foreign exchange operations
53 in the petroleum supply chain to mitigate petroleum supply shortages and enhance business development in
54 Nigeria. Findings from this study may provide petroleum organizational leaders with sustainable supply chain
55 management (SCM) strategies regarding the contribution of improved financing, banking and foreign exchange
56 operations for increased business development, increased revenue, job creation, and enhanced economic growth.

57 2 II.

58 3 Conceptual Framework

59 The resource based view theory (RBV) was used as the conceptual framework for this research. Barney (1991)
60 postulated that to achieve sustainable competitive advantage, leaders of a firm must acquire resources (a) for
61 creating effective and efficient strategies, (b) uncommon in the industry, (c) that are imperfectly imitable, and (d)
62 non substitutable in the industry. The resources include financial, human, physical, technological, organizational,
63 and reputational. Leaders can apply RBV to optimize resources to create value, leading to organizational
64 effectiveness and efficiency (Barney, 1991)

65 4 a) A Review of the Professional and Academic Literature

66 Financial resources in the Nigerian Downstream Petroleum Industry. Finance is a key resource in the NDPSI
67 (Olukoju, 2014). The oil and gas industry is the main source of finance for activities in the Nigerian economy.
68 Financing activities in the petroleum industry is a function of the Nigerian federal government until inefficiency
69 sets into the sector (Chigbu et al., 2016). The Nigerian economy is structurally defective as the economy depends
70 solely on the oil and gas sector for revenue (Olukoju, 2014).

71 Financing developmental activities for petroleum supply initiatives in Nigeria is negatively affected by oil theft
72 activities in the Niger Delta region ??Wilson, 2014). Wilson noted the effect of oil theft as (a) a fall in revenue
73 to the Nigerian state, (b) a loss of human and natural resources, (c) an increase in state insecurity, and (d)
74 poor financing of developmental projects in the petroleum industry. The consequence of oil theft is lack of crude
75 supplies to the refineries and underdevelopment of the Nigerian business economy (Chigbu et al., 2016).

76 According to Alaba and Agbalajobi (2014), a limited inflow of investment occurs in the downstream sector
77 because of low margin, uncompetitive pricing structure, and poor incentive mechanisms. The low level of
78 investment has resulted in the limited development of the NDPSI, which inhibits business development in Nigeria
79 (Monday, 2015). Moreover, improving the Nigerian economy will necessitate proper financing of the petroleum
80 sector, which will require development and liberalization of the petroleum sector (Adelabu, 2012). Furthermore,
81 Okwanya et al. (2015) posited that oil leaders should focus on market-oriented policies in the downstream sector.
82 Market-oriented policies will make energy accessible to investors and consumers, which will increase shareholders
83 incentive and encourage more investors into the sector (Okwanya et al., 2015).

84 Deregulation and privatization will free the Nigerian government from financing extensive projects, encourage
85 private sector investments, and bring efficiency and effectiveness in resources management of the NDPSI (Chigbu
86 et al., 2016). Moreover, Adelabu (2012) noted that deregulation and privatization would enhance effective
87 utilization of resources, promote competition, and provide the necessary fund for the development of the sector.
88 The deregulation of the NDPSI has a strong relationship to the economic development of Nigeria (Chigbu et al.,
89 2016). However, deregulation and privatization will not succeed in a country that imports petroleum products
90 with nonfunctional refineries (Adelabu, 2012). The deregulation of the NDPSI is to ensure a constant supply
91 of products, reduce the price, enact competition, free up funds, and ensure efficiency in the supply of refined
92 petroleum products (Chigbu et al., 2016).

93 Nigeria has earned huge petroleum dollars from the sales of petroleum products (Chigbu et al., 2016).
94 Petroleum sales are subject to price volatility depending on international economic forces (Alimi & Fatukasi,
95 2014). Okwanya (2015) noted that the change in oil price has no impact on GDP, consumer-purchasing index,
96 money supply, but on the exchange rate of the U.S. dollar. The exchange rate of the U.S. dollar affects petroleum
97 importation and hence supplies to Nigeria (Akinwotu, 2014;Alimi & Fatukasi, 2014).

98 Nigerian Petroleum Industry. In 1956, oil was discovered in commercial quantities at Oloibiri in the Niger
99 Delta region of Nigeria (Chigbu et al., 2016). The first oil international trade took place in 1958, and since then
100 oil has become the backbone of the Nigerian economy (Aminu & Olawore, 2014). Shell-D'Arcy was the foremost
101 transnational oil company (IOC) that made the oil discovery (Osuala, 2013). The incoming years witnessed the

102 participation of the Nigerian government in the affairs of petroleum management. In 1971, the federal government
103 of Nigeria created the Nigerian National Oil Company (NNOC) to control and regulate oil-production activities
104 that were dominated by IOCs ??Osuala, 2013). Because of inefficiencies of the NNOC, the Nigerian National
105 Petroleum Corporation (NNPC) was created in 1977 to replace the NNOC and affirm effective control over the
106 petroleum industry (Osuala, 2013).

107 Nevertheless, the NNPC was not able to effectively and efficiently supervise of the Nigerian petroleum
108 industry, as inefficiency still dominates the downstream sector (Adelabu, 2012; ??suala, 2013). Incompetence
109 such as continual refined petroleum product shortages, dilapidated refineries and infrastructures, capacity
110 underutilization of resources, and vandalism of petroleum industry equipment took over the Nigerian downstream
111 industry (Aminu & Olawore, 2014). However, in 2003, the federal government of Nigeria started the process of
112 deregulation and liberalization of the downstream subsector to create supply efficiency, eradicate shortages, and
113 enhance the economic development of the nation (Chigbu et al., 2016). ??2016). The refineries process crude
114 oil into different refined products such as petrol or premium motor spirit (PMS), diesel (AGO), dual purpose
115 kerosene (DPK), lubricants, jellies, gas, and coal tar (Akinwotu, 2014;Oladepo, 2014). Aminu and Olawore (2014)
116 noted that Nigeria's four refineries are not enough in relation to the country's population when matched to other
117 members of oil-exporting nations.Refined

118 Besides importation, Nigerian petroleum leaders and economic consultants proposed strategies to improve
119 petroleum product production. Oladepo (2014) and Aminu and Olawore (2014) suggested that constructing
120 more refineries will increase the nation's refining capacity and enhance petroleum availability. Aminu and
121 Olayinka (2014) recommended the introduction of a petrol tax and removal of subsidies to reduce consumption
122 and create availability. Chigbu et al. (2016) emphasized the judicious use of resources in the oil and gas sector
123 to achieve sustainable development of the supply chain. Furthermore, Aminu and Olawore (2014) and Chigbu
124 et al. (2016) recommended that privatizing existing refineries and pipeline networks would help create proper
125 resource management to achieve fuel availability.

126 The federal government of Nigeria granted licenses to private investors to build refineries and depots to
127 mitigate scarcity (Oladepo, 2014). The setting up of private sector participation by the Nigerian government
128 was to increase production and distribution of refined petroleum products in addition to improve the economy
129 (Chigbu et al., 2016;Oladepo, 2014). Private investors include independent oil marketers, major oil marketers,
130 and private depot owners (Alaba & Agbalajobi, 2014). Both local and international private investors and oil
131 marketers have built depots across the country; nonetheless, they have not succeeded in establishing refineries
132 (Alaba & Agbalajobi, 2014).

133 Shortages of petroleum products. Petroleum shortages or scarcity is no news to the Nigerian economy. Since
134 the 1980s, The Nigerian economy has experienced several eras of refined petroleum product shortages or scarcity
135 ??Adelabu, Oladepo (2014) emphasized that the undercapacity production has resulted from the dilapidated
136 state of the refineries, lack of maintenance, negligence, and inappropriate resource utilization. Also, Aminu and
137 Olawore (2014) noted that refined petroleum product shortages could be attributed to (a) low refining output
138 of refineries, (b) inadequate pipeline infrastructures, (c) pipeline vandalism and rupture, and (d) inefficient
139 road transportation of petroleum products. To improve the infrastructural facilities, the NNPC spent over 400
140 million dollars on maintenance of refineries between 1990 and 2000, without an increase in production (Adelabu,
141 2012;Chigbu et al., 2016). The low productivity of the existing refineries resulted in sourcing refined petroleum
142 through importation from abroad (Alaba & Agbalajobi, 2014).

143 Government officials' neglect of infrastructures such as refineries and pipelines, and enhancing vandals and
144 sabotage, affects the supply of refined products to the economy (Osuala, 2013). Oil spill and Pipeline vandalism
145 disrupt both crude oil and refined products supply to refineries and consumer respectively (Anifowose et al.,
146 2014). An oil spill in Nigeria occurs because of corrosion of pipes and storage tanks, operational error and oil
147 tanker accidents (Anifowose et al., 2014; ??suala, 2013). In Nigeria, thieves break oil pipelines to siphon fuel,
148 often with sparks results in an explosion, leading to hundreds of deaths of looters and bystanders (Anifowose
149 et al., 2014). The resultant effect is refined petroleum product shortages and scarcity in the Nigerian economy.
150 Furthermore, the NDPSI has cartels who determine prices, the volume of importation, and proportion of supply
151 quantity to the market, while other marketers hoard products, resulting to supply shortages in the economy
152 (Adelabu, 2012).

153 Petroleum products supply availability will lead to the development of business processes in Nigeria (Osuala,
154 2013). Electricity generation and supply have a negative effect on industrialization in Nigeria (Osobase & Bakare,
155 2014). Aminu, Salau, and Pearce (2013) regretted that Nigerian business development is marred with poor
156 power supply, a high cost of alternate power source among other weak infrastructures. Available and sustainable
157 petroleum product activates energy source for large organizations, SMEs, and self-employed firms (Osobase
158 & Bakare, 2014). Existing companies recruit more staffers, business activities open-up while starters succeed
159 because of the low cost of energy for production (Osobase & Bakare, 2014).

160 Every sector in the Nigerian economy has a direct effect of petroleum shortage or scarcity since personnel,
161 machinery, and money is affected (Chigbu et al., 2016). Cottage industries spring-up when petroleum product
162 is available to substitute the unreliable national electricity supply. The net result is the development of business
163 activities in Nigeria (Adelabu, 2012).

164 5 III.

165 6 Research Method and Design

166 For this research, I used a case study design. Yin (2014) explained that a qualitative case study is a research
167 process that incorporates an exploration of a problem within a context by using different data sources such as
168 interviews, observations, and documents. The case study design was applicable to this study because I collected
169 data from multiple sources of archival documents, interviews and existing works of literature.

170 7 a) Study Population and Sample

171 The population for the study was petroleum business leaders who work for private oil marketing companies
172 (Depots) and who had successfully implemented strategies of petroleum supply in Nigerian I focused on petroleum
173 business leaders in the NDPSI. All Participants had supply experience and had the responsibility of (a) decision-
174 making in sourcing of refined petroleum products within Nigeria and abroad, (b) storage of petroleum products,
175 and (c) sales and marketing of petroleum products. O'Lynn and Krautscheid (2011) noted that selecting
176 competent participants with an understanding of the research question is essential for the study.

177 8 b) Data Collection

178 I was the primary instrument for data collection in this study. Marbash (2013) noted that researchers are the
179 primary instrument for data collection in qualitative studies. I collected data using semistructured interviews,
180 with open-ended questions, in a face-to-face setting. Haahr et al. (2014) affirmed that researchers must recognize
181 themselves as the major instrument when conducting research. Stuckey (2013) indicated that the semistructured
182 interview process can provide a clear set of instructions for researchers along with dependable and comparable
183 qualitative data. The semistructured open-ended data collection process provides researchers with options to
184 collect data that are relevant to research problems (Bryman, 2012). Furthermore, Doody and Noonan (2013)
185 noted that researchers use face-to-face interviews to generate information from participants to develop knowledge.

186 In addition to semistructured interviews, I reviewed archival operational and policy documents with interview
187 responses from participants for methodological triangulation. With methodological triangulation, data from
188 different sources are used to corroborate, illuminate and explore research questions (Marshall & Rossman, 2016).
189 Also, Wahyuni, (2012) affirmed that collating data from multiple sources allow researchers to have access to more
190 information, check consistency and enhance the robustness of results. I employed member checking to enhance
191 the reliability and validity of the data collection instrument and the research process. Participants received a copy
192 of my Researchers use a qualitative method to understand and solve in-depth problems related to a phenomenon
193 (Yin, 2014). I chose the qualitative method for this research. According to Harrison (2013), researchers use
194 qualitative methods to explore human experience and meaning related to a phenomenon. interpretation of
195 transcribed interview to ensure correct representation of responses.

196 9 c) Data Analysis

197 Marshall and Rossman (2016) stated that qualitative data analysis is a process whereby researchers search for
198 patterns, themes, and relationships. I employed methodological triangulation process for the research analysis.
199 Case study researchers use triangulation to test the validity of a study through the convergence of information
200 from different sources (Carter et al., 2014).

201 I analyzed the interviews and archived documents using QSR NVivo ® , computer-assisted qualitative data
202 analysis software (CAQDAS) tool. In qualitative studies, researchers utilize NVivo ® for data collection,
203 organization, and analysis of audio and textual data (QSR International, 2014). I interviewed business leaders in
204 the two organizations to obtain patterns and themes that may lead to the provision of financial resource strategies
205 for sustainable petroleum product supply in Nigeria. I assigned letters and numbers to each participant for
206 anonymity purposes. The letter L and a number represent petroleum business leaders (i.e., L1) in the companies
207 A and B.

208 IV.

209 10 Discussions and Findings

210 The banking sector plays a significant role in the development of any country through financial intermediation
211 such as the offering of credits and distribution of funds (Menicucci & Paolucci, 2016). Banks facilitate economic
212 growth by lending funds to creditors at an appropriate rate to optimize profit in business dealings ??Tennant &
213 Tracy, 2014). According to Obamuyi (2013), the gains of the real sector of the Nigerian economy depend on how
214 well banks play financial intermediary roles. Furthermore, Menicucci and Paolucci (2016) noted that only sound
215 banks can effect economic growth in a country.

216 All participants affirmed that the NDPSI is capital intensive and requires a huge amount of financial resources
217 to operate (Giwa-Osagie & Ehigjato, 2015). Also, all participants agreed that the business is 100% dependent
218 on the availability of the U.S. foreign exchange dollars (USD) and the operation of good banks. The exchange
219 rate of the U.S. dollar affects petroleum importation and product availability in Nigeria (Akinwotu, 2014;Alimi

220 & Fatukasi, 2014; ??riakhi & Iyoha, 2013). According to Participant L4A, finance is scarce in the NDPSI, and
221 most marketers acquire finance through a loan from banks.

222 Eighty percent of participants stated that the petroleum importation business is transacted with the aid
223 of Nigerian banks. According to Participants L1A, L2A, L8B, and L10B, banks are needed for (a) funding
224 procurement of products, (b) having a memorandum of understanding with the international trading partner
225 to agree on terms of payment, (c) issuance of letters of credit (LC), and (d) sourcing USD for marketers from
226 the Central Bank of Nigeria (CBN) at good exchange rate. Participants L1A, L2A, L8B, and L10B noted
227 that the availability of USD to business leaders for the importation of refined petroleum products depends on
228 the regulatory role of CBN and other banks. The CBN performs the regulatory and supervisory role over all
229 banks, including maintaining an effective monetary and financial system in Nigeria (Ajibo, 2015; Giwa-Osagie &
230 Ehigiao, 2015).

231 Alberto ??2015) noted that banks are very important to society, and only banks with good standards can
232 effect economic development. Business leaders need the backing of a good bank to support LC procurement to
233 avoid hitches with the supplier or international traders (Giwa-Osagie & Ehigiao, 2015). To create efficiency,
234 marketers liquidate LC on time to avoid incurring more charges, as emphasized by Participants L1A, L6B, and
235 L7B. Participant L1A further explained that Nigerian business leaders may not be able to buy on credit from
236 abroad; therefore, they need the support of banks through letters of credit. Participants L1A and L2A emphasized
237 that insurance companies cover transactions because of the risky nature of the business, including volatile and
238 flammable properties of the products. According to Participants L1A and L2A, the cost of the petroleum product
239 insurance increases the final landing cost of the product.

240 Adeniran, Yusuf, and Adeyemi (2014), Rajhans and Jain (2015) posited that the exchange rate is the value of
241 one currency expressed in terms of some other currency. Obansa, Okorafor, Aluko, and Millicent (2013) noted
242 that the exchange rate system is an important requisite in global business especially for developing countries
243 embracing globalization concepts for economic development. Obansa et al. and Adeniran et al. affirmed that
244 there is a positive relationship between the exchange rate and the economic development in Nigeria. Nigeria
245 foreign exchange policies are characterized by inconsistencies, which affects business growth in the country
246 (Adeniran et al., 2014). Adeniran et al. further noted that an increase in exchange rates leads to increases
247 in imports, and reduced exports, while a decrease leads to a reduction in the importation and increases exports.

248 The business of purchasing petroleum products overseas is transacted in foreign exchange USD (Akinwotu,
249 2014). All participants affirmed that the availability of the U.S. dollar and the prevailing exchange rate of the
250 currency affect products importation. Participants L3A, L5A, L9B, and L10B declared that if the exchange
251 rate is high, marketers may not be able to import because of the high cost and product scarcity looms. If the
252 exchange rate is low or favorable, petroleum product availability and sustainability is According to Participant
253 L6B "marketers establish a credit line with reputable banks to guarantee the trader to supply the products.
254 Interest is paid on the dollar. Companies sell products and liquidate back to L.C. The line of credit takes
255 between 30 to 40 days for liquidation." Furthermore, Participant L6B noted that the deregulation of the dollar
256 from #199.00 (one hundred and ninety-nine naira) to #306.00 (three hundred and six naira) negatively affected
257 the supply industry; creating instant credits from marketers to banks. The naira (local Nigerian currency)
258 devaluation negatively affected importation and hence the availability of petroleum products. Also, Participant
259 L6B stated that because of the high cost of doing business and difficulty in accessing foreign exchange, not all
260 marketers are importing petroleum products in Nigeria.

261 According to Participant L7B, petrol is an international product and there is a platform for petrol price in the
262 international business. Ji, Geng, and Fan (2014) noted that the Western Texas Intermediary (WTI) platform is
263 often employed in determining international petroleum prices. For optimal resources utilization, Participant L7B
264 reiterated that business leaders lock the purchase price at a good rate to create efficiency.

265 Suliman, Elmawazini, and Shariff (2015) advised that governments should design policies to accommodate
266 instability in the exchange rate system to attract both local and foreign investors. Participant L8B emphasized
267 that marketers do not have easy access to foreign exchange because of unfavorable government policies (Giwa-
268 Osagie & Ehigiao, 2015). Government policies on dollar sourcing affect marketers (Obamuyi, 2013). According
269 to Participant L8, the cost of a dollar in the black market is expensive, making several depot owners not to import
270 products, leading to scarcity of products. However, participants L10B, L7B stated that organizations that are
271 financially strong, do not rely on loans and government, instead invest company savings in procuring products,
272 since charges on bank loans impart on landing cost or selling price of the product. Furthermore, Participant
273 L8 lamented the capping of petroleum prices by the federal government, which discourages investment in the
274 industry. Alaba and Agbalajobi (2014) posited that a limited inflow of investment occurs in the downstream
275 sector because of low margin, uncompetitive pricing structure, and poor incentive mechanism. The low level of
276 investment has resulted in the limited development of the NDPSI, which inhibits business development in Nigeria
277 (Monday, 2015). Participant L10B narrated that in the year 2016, the U.S. dollar was scarce and expensive and
278 created product shortages across the country because of high importation cost. By intervention, the Nigerian
279 federal government paid subsidy to importers and also paid 'Petroleum Equalization Fund (PEF). to transporters
280 to ensure that the product was circulated through the country. In Nigeria, the government subsidizes refined
281 petroleum products to the citizens (Abutu, 2014; Okwanya et al., 2015). The landing cost of the imported refined
282 petroleum is higher than the local cost hence the federal government subsidizes the product to create a balance in

283 the economy (Abutu, 2014). In Table 1, I present the frequency at which participants mentioned the significance
284 of excellent banking and foreign exchange operations in NDPSI.

285 11 a) Archival Document Review

286 Giwa-Osagie and Ehigiato (2015) affirmed that the NDPSI is capital intensive and requires a huge allocation of
287 financial resources to operate efficiently. I reviewed the operational and policy statement documents of company's
288 A and Company's B regarding content on banking and foreign exchange operations. The archival documents
289 showed that leaders in both companies have a core strategy for improving operational funding cost, reducing the
290 cost of sales, and driving down business manual cost, with the aid of strict financial backings. Banking operations
291 include charging interest on funds and issuance of foreign exchange, impact profitability on international business
292 (Ajibo, 2015; Giwa-Osagie & Ehigiato, 2015). Giwa-Osagie and Ehigiato (2015) postulated that petroleum
293 business leaders need the backing of good banks to secure funds for international business.

294 12 b) Application to Practice

295 Menicucci and Paolucci (2016) affirmed that only good banks can affect profitability in business organizations.
296 In the Nigerian petroleum industry, finance is scarce. Participants emphasized on the appropriate application of
297 financial resources to each of the petroleum supply chain segments to facilitate efficiency. Since the private sector
298 depends largely on importation, acquiring foreign exchange through bank becomes paramount; marketers can be
299 successful only if foreign exchange is obtained at existing low rates. A high rate will transact to doing business
300 at a high cost, which will impact the landing cost of the products. Participant L6B noted that most firms do
301 not import because of the high cost of foreign exchange. Furthermore, marketers use loans in the form of an
302 LC to purchase products from international traders (Giwa-Osagie & Ehigiato, 2015). Petroleum business leaders
303 or Marketers must transact business with banks at good interest rates to liquefy the LC and make profits. In
304 Nigeria, banks finance oil and gas business through letters of credits, whose customers, in turn, pay interest to
305 the banks (Giwa-Osagie & Ehigiato, 2015).

306 13 V. Recommendations and Conclusion

307 Refined petroleum product shortages or scarcity have undermined the development of economic and business
308 activities in Nigeria (Aminu & Olawore, 2014; Osuala, 2013). The Nigerian government involvement of the
309 private sector in the business of refined petroleum product supply is a way to improve petroleum supply (Chigbu
310 et al., 2016). Based on the study findings, I recommend the following actions:

311 ? Petroleum business leaders must engage with efficient banks to obtain loans or LC at good rates. ? Marketers
312 should liquidate LC on time to avert further charges that will increase product landing cost.

313 ? Firms with enough savings can invest in importation to avoid incurring charges from LC loans. ? Petroleum
314 business leaders should obtain foreign exchange at the best rates. ? Petroleum business leader should transact
315 international business with the right documentation, right timing, without problems and delays. Implementation
316 of these strategies by petroleum business leaders will mitigate petroleum shortages from the financial resource
317 perspective as also affirmed by Itsekor (2018). The findings indicate that petroleum leaders should be involved
318 in engaging efficient banks for LC, liquidate LC on time, obtain foreign exchange at best available rates, transact
319 international business with right documentation, and avoid delays. Petroleum firms applying the appropriate
financial strategy will enhance supply sustainability and improve economic development in Nigeria. ¹

320 Figure 1:

based mono-product economy (Oriakhi & Iyoha, 2013). Oil is the mainstay of the Nigerian business economy (Chigbu et al., 2016). A continuous and sustainable supply of refined petroleum product will enhance business development and transform the Nigerian business landscape for productivity (Aminu & Olawore, 2014).

Business development. Nigeria op

Year 2019 development while product availability activates business development (Chigbu et al., 2016).

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| Participants | L1A | Interview | Total | | |
|--------------|------|-----------|-----------|----------------------|-----------|
| L2A | L3A | L4A | questions | 1, | number |
| L5A | L6B | L7B | L8B | 2, 7 1, 3, 8, 10 1, | of refer- |
| L9B | L10B | | | 2, 5, 6, 12 2 2 1, | ences 11 |
| | | | | 2, 6 1, 2, 5, 9, 11, | 12 8 2 6 |
| | | | | 12 1, 2, 5, 6 1, 2 | 9 10 10 |
| | | | | 2 | 4 7 |

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Figure 3: Table 1 :

321 Management Sciences and Humanities, 2 (2)

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