Comparative Analysis of Financial Performance of Privatized and Non-Privatized Petroleum Companies Quoted on the Nigerian Stock Exchange

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Abstract

The study comparatively analyzes financial performance of privatized oil companies in Nigeria among petroleum companies in Nigeria. Descriptive research design was adopted for the study. The study purposively selected and examined one privatized and non-privatized petroleum companies: OANDO Plc and Total Oil Plc from among the 14 petroleum companies quoted on the Nigerian Stock Exchange. Data were collected for the study from the annual reports and accounts of the companies. Data collected include data on Net Profit, profit before tax (PBIT), profit after tax (PAT), Cost of Sales, Total Assets, Equity, and Non-Current Liabilities which was used in arriving at the financial performance indices of Return on Investment (ROI), Return on Asset (ROA), Return on Capital Employed (ROCE) for the periods (1989-2002 and 2008-2016). Paired t-test statistics was employed as tool for the analysis. The findings show that there is significant difference in the pre and post-performance ratios. (ROA and ROCE) of privatized company. Findings from the comparison of the financial performance of privatized and non-privatized petroleum companies showed mixed result that there is no statistical significant difference for return on investment while there is significant difference for return on asset and return on capital employed in the financial performance of privatized and non-privatized petroleum companies in Nigeria. The findings implied that privatization has achieved the efficiency guaranty as one of its aims. The researcher therefore recommends among others that management of privatized companies should take steps to ensure that return on investment is guaranteed [especially for quoted companies] in order to discourage investors from withdrawing their capital for investment elsewhere.

Key words: *Financial Performance, Privatized, Non-Privatized, Nigeria Petroleum Companies*

Introduction

Nigeria relied heavily upon public enterprises, up to the mid-1980s, for the development, management and allocation of utilities and social services (Ayodele, 2004). Public enterprises were then seen as major instruments not only for the mobilization and allocation of public investment resources, employment generation and income redistribution, but also for determining government finances and the acceleration of overall economic development. As at 30th November, 1990, the Federal Government investment in each enterprise was over N36 billion and the replacement cost was put at over N500 billion (Amnupitan, 2002). Public enterprises were established to enhance Nigeria's socio economic development. The major concern in this regard had been to accelerate development and economic self-reliance through economic nationalism. Public enterprises thus reflect one of those instruments by which government intervenes in economic development rather than allow market forces to dictate the pace of development. According to Ayodele (2004) Nigeria relied heavily upon public enterprises, up to the mid-1980s, for the development, management and allocation of utilities and social services. They were seen as major instruments not only for the mobilization and allocation of public investment resources, employment generation and income redistribution, but also for determining government finances and the acceleration of overall economic development (Afeikhena, 2008).

The expansion of government into diverse economic activities was viewed as an important strategy for fostering rapid economic growth and development. This position was re-enforced by massive foreign exchange earnings from crude oil by government and it fuelled unbridled Federal Government of Nigeria (FGN) investment in public enterprises. Unfortunately, most of the enterprises were poorly conceived and thus economically inefficient. They accumulated huge financial losses and absorbed a disproportionate share of domestic credit. By l985, they had become an unsustainable burden on the budget (Abah, 2009). With the adoption of the structural adjustment programme (SAP) in 1986, privatization of public enterprises came to the forefront as a major component of Nigeria's economic reform process at the behest of the World Bank and other international organizations. The non-performance of the public enterprises prompted series of discussions that resulted in policy recommendations on how best to move them out of the quagmire. Consequently, a Technical Committee on Privatization and Commercialization (TCPC) was set up in 1988 to oversee the programme. Also in 1999, the Democratic regime under the leadership of President Olusegun Obasanjo, initiated sweeping reforms across the various sectors of the Nigerian economy (Alabi, Onimisi, & Enete, 2010). They recognized that national public enterprises have failed to meet public expectation. The public enterprises were perceived to be consuming a large proportion of national resources without discharging the responsibilities imposed upon them hence the government of Nigeria decided to transfer ownership of many public companies to private individuals and entities. In the course of privatization of public enterprise, the TCPC has privatized not less 55 public enterprises.

Concern over the performance of privatized companies has been of great concern to public and financial analyst with general opinions and observations showing that public enterprises are being sold off as compensation to political friends and allies. Example, the privatization of NICON insurance which stood as the leading insurance company in Nigeria and the world at large but could not even compete with smaller insurance companies in Nigeria in recent times. Boyede in Okwe (2016) noted that NICON after privatization was meant to be agile and move at a fast pace expected of a private sector entity, not forgetting that the company was a government corporation for more than forty years before it was privatized. After privatization, there has been a lot of concern on the efficiency of NICON insurance. Presently, NICON insurance cannot be found among the list of trusted insurance companies in Nigeria which include Mansard Insurance; AIICO; FBN insurance; Custodian insurance plc; Leadway Insurance; IGI Insurance Leadway insurance plc; NEM Insurance; Mutual assurance plc; and Zenith Insurance (Extreme loaded, 2016). Report of Re-insurance (2016) also shows that

NICON insurance that has been the former No 1 insurance company in Nigeria after its privatization could not be found among the top five insurance companies in Nigeria.

Beside NICON insurance, the privatization of public oil companies needs a thorough investigation especially in period where the Ernest & Young the auditor of OANDO Plc has raised concern and drawn attention to Note 47 to the financial statements of OANDO Plc which indicates that the Group reported comprehensive loss for the year 2015 of N37.8billion (2014: N116.5 billion) and as at that date its current liabilities exceeded current asset by N247.9 billion (2014: N329 billion). The company also incurred comprehensive loss of N56.6 billion for the year ended 31 December 2015 (2014: loss N566.5 billion) as at that date, its current liabilities exceeded current assets by N32.8 billion (2014:N43.7 billion) (Ernest & Young, 2016). With the reported losses recorded in OANDO Plc, sufficient time has elapsed since the commencement of the reforms to allow an initial assessment of the extent to which privatization has realized intended economic and financial benefits to its investors who are entitled to improved financial performance of their enterprise, most especially considering the fact that oil sector is the foremost industry in Nigeria.

In spite of the impetus given to public enterprises especially in Nigeria some criticisms are leveled against them. Their problems are so enormous that it has even left the Nigerian public in a state of great disillusionment. These criticisms vary from lack of profitability and reliance on large government subsidies. Ogundipe (2006) once argued that between 1975 and 1985, government capital investments in public enterprises totaled about N23 billion. In addition to equity investments, government gave subsidies of N11.5 billion to various state enterprises. All these expenditures contributed in no small measure to increased government expenditures and deficits. Similarly, public enterprises suffer from gross mismanagement and consequently resulted to inefficiency in the use of productive capital, triggered by corruption and nepotism, which in turn weaken the ability of government to carry out its functions efficiently (World Bank, 1991). The studies of Xiaoxuan [2001] Fisher,Gutierrez and Serra [2003],Hyde [2005], Chen, Shamsher &Annuar [2008] and Mondal and Imran [2010] have showed that privatization improved financial performance of SOEs. It is on this premise that privatization is being recommended as panacea for ailing enterprises by institutions like IMF, World Bank an other international financial agencies. This option has been used as bail out measures for many 3rd world countries. Hence it is virtually axiomatic that privatization guarantees efficient performance of enterprises.

However the studies of Soyebo,Olayiwola and Alayande [2001] and Balsari and Ozkan [2009] portrayed largely ambivalent and negative impact. Therefore the huge losses recorded by OANDO Plc in a period when many smaller petroleum companies are surviving the economic hardship affecting the Nigerian economy are still puzzling to many financial analyst and investors. A lot of questions are being raised about the efficiency of the invested funds and the company's operations. Hence it is the interest of researcher to investigate the financial performance of OANDO as compared to other petroleum companies quoted on NSE so as to ascertain whether privatization had any positive effect on financial performance of the company. Enhancement of financial performance constitutes the major under pinning for the privatization.

The general objective of this research work is to determine the effect of privatization on financial performance of privatized and non-privatized petroleum companies in Nigeria. **While the research questions** is to what extent is the difference in the pre and post financial performance of privatized petroleum company in Nigeria? The research objective and question produced the following null (**H_0**) hypotheses:

- **i.** There is no statistically significant difference in the pre and post return on capital employed of privatized petroleum company in Nigeria is not significant.
- **ii.** There is statistically significant difference in the pre and post return on asset of the privatized petroleum companies in Nigeria is not statistically significant.
- **iii.** There is no statistically significant difference in the return on investment of the privatized and non - privatized petroleum companies in Nigeria.
- **iv.** There is no statistically significant difference in the return on asset of the privatized and non-privatized petroleum companies in Nigeria.
- **v.** There is no statistically significant difference in the return on capital employed of the privatized and non-privatized petroleum companies in Nigeria.

The study will be of great importance to Investors, Management of OANDO Plc, Petroleum Companies in Nigeria, Public Analyst, Government and its Agencies, as well as the academic society. The result of this finding will help investors to ascertain whether they are properly rewarded on their investment in OANDO Plc which will aid the decision on continuous increase of their investment in a more profitable company.

The findings from the study will help management of OANDO Plc to ascertain the financial performance level when compared to petroleum companies in Nigeria so as to take decisive measure that will enhance sustenance/improvement of their performance. The findings of the study will be of great importance to petroleum companies in Nigeria so as to assess the performance level when compared to former public companies that are seen as non-profitable. The findings will help public analyst to assess the privatization exercise embarked upon by government so as to ensure that privatization achieve its targeted goals in Nigeria.

The findings of the study will help government and its agencies in ascertaining how the privatization policy they embarked upon has fared which will help them in proffering measures that will enhance continuous operations of these organizations by not selling the organizations to investors that are only interested in making instant profit of the money used in buying these companies.

More also, it is hoped that the evidence from this research work would serve as important quantitative information to management of petroleum companies in Nigeria as well as add to existing body of empirical literature.

The scope (area coverage) of this research work is OANDO Plc and Total Oil Plc. operating in the Nigeria business environment. The financial performance indices which include; Return on Investment, Return on Asset and Return on Capital

Employed. The period covered for the study is 8 years financial operating period which is between the years (1989-2002) and 2008—2016) for pre and post respectively.

This study is not without some limitations. The major limitation encountered in the study is accessibility to data of petroleum companies, since not all the companies have the responsibility of making their financial information public. This made the researcher to adopt quoted petroleum companies as a representative of petroleum companies in Nigeria.

2. Review of Related Literature

2.1 Conceptual Review

2.1.1 Privatization

Privatization is the transfer of a majority of ownership from states to private sectors by the sale of ongoing concerns or assets following liquidation (Kikeri & Burman, 2007). To further the understanding of privatization, Ogunlalu in Asaolu and Oladele (2006) conceives privatization as the transfer of shares ownership or sale of shares owned by government in public enterprises to the private hands. Privatization of shares makes the enterprises to become public companies and this facilitates easy transferability of shares (Asaolu & Oladele, 2006). Hanke (1987) in Jerome (2005) defined privatization as a transfer of assets and services functions from public to private hands. These authors emphasize activities ranging from selling state-owned enterprises to contracting out public services with private contractors. Thus, privatization is the transfer of ownership fully or partially from governments to private sectors through various methods such as direct sales, share issues, leasing, etc.

Some other authors look at privatization as a wider phenomenon comprising of interrelated activities that reduce the government ownership and control of enterprises and that promote private sector participation in the management of state-owned enterprises. Vickers and Wright (1998) in Jerome (2005) view privatization as an umbrella term for a variety of different policy that are loosely linked which mean the strengthening of the market at the expense of the state. Hartley and Parker (2006) define privatization as the introduction of market forces into an economy in order to make enterprises to work on a more commercial basis. They mean that privatization includes denationalization or selling off state-owned assets, deregulation (liberalization) competitive tendering, as well as the introduction of private ownership and market arrangements in the ex-socialist states.

In Nigeria, the Privatization and Commercialization Act of 1988 and the Bureau of Public Enterprises Act of 1993 defined privatization as the relinquishment of part or all of the equity and other interests held by the Federal Government or any of its agencies in enterprises whether wholly or partly owned by the Federal Government. It could also be referred to as changing the status of a business, service or industry from state, government or public to private ownership or control. Occasionally, the term privatization includes the use of private contractors to provide services previously rendered by the public sector. Based on these various definitions of privatization discussed above, this study uses the definition of privatization which is a bit narrow that is Share Issue Privatization (SIP, hereafter). In this definition, privatization includes the full or partial transfers of government ownership to private ownership through the sale of equity in the capital market.

2.1.2 Types of Privatization

Hebdon and Gunn (1995) in Jerome (2005) identify the following four most common types of privatization:

1) Public/Private Partnerships: This occurs when public funds are used to stimulate private sector investment. An example would be a public transportation system where the buses are owned and maintained by a private firm that is paid with government funds for the services it provides.

2) Cessation of Service/Commercialization: This occurs when a government ceases to provide a public service altogether, leaving it to the private sector, if they feel they can make profit doing so, to provide the service at a fee charged directly to the public as opposed to a government agency.

3) Sale of State Owned Enterprises (SOE): Selling public assets (e.g., golf courses, convention centers, airports, Conrail in 1987) can produce a onetime fiscal windfall to a community, at the expense of a future stream of income. Recently as a result of the Department of Defense Base Realignment and Closure (BRAC) activities, some former military installations were sold to the highest bidder.

(4) Contracting Out: contracting out involves the provision of public services literally from A to Z (i.e. administrative support to zoo keeping) through contracts with private firms. While the service is provided by for-profit companies as well as by non-profit making companies (e.g., much social service contracting), the government remains responsible for service quality and delivery.

2.1.3 Privatization of Public Enterprise in Nigeria

The clamoring for privatization policy in Nigeria dates far back to 1965 (Adeyemo, 2005). Rweyemanu and Hyde (2005) justified the poor performance of public enterprises in Nigeria by stating that between 1960 and 1965, the Nigerian railway corporation alone had 13 enquires into its activities and in 1965 it has a deficit of N7 million and the World Bank described its Finances as disastrous. At the international scene, the World Bank in 1981 recommended the dismantling of the African public enterprises system and submitted that African governments should not only examine ways in which public sector can be operated more efficiently but should also examine the possibility of placing greater reliance on the private sector; what is needed is straight forward acceptance of the principle that under certain circumstances, liquidation of public enterprises may be desirable (Probsting, 2007).

The International Monetary Fund (IMF) has often been recommending privatization/commercialization for developing countries including Nigeria, where the industrial sector and occasionally, key element in the commercial sector, are heavily dominated by public enterprises. The fund also argued that loss – making enterprises have, for many years been a drain in government resources in these countries. Such enterprises have required budgetary transfers or have relied on government quarantined borrowing to finance their cash operating losses (Hermmin & Mansor, 2008).

The unprecedented economic problems in Nigeria which led to the accumulation guarantors to borrow and non-acceptance of IMF conditionality and the subsequent refusal of the loan by Nigerian led to the Structural Adjustment Programme (SAP). SAP was aimed at restructuring the economy and making it more competitive and efficient. The restructuring of public enterprises was an integral part of the Structural Adjustment Programme which kick started in 1986. The actual implementation of privatization started in 1988 with inauguration of technical committee on privatization and commercialization as contained in Decree No 25 of 1988. Thus, in November 1989 the implementation process of full or partial commercialization began. The parasatals and government owned companies were classified into five broad categories. Full or partial privatization, full or partial commercialization or to remain as public institutions (FGN, 1998).

The Technical Committee on Commercialization and Privatization (TCPC) initially served as the secretariat for implementation of privatization reform. Following enactment of the public enterprises Act of 1999, the Bureau of Public Enterprises (BPE) was formed to take over the activities of TCPC. The Act also made provision for the establishment of National council on privatization (NCP). The NCP is the lead policy making body in charge of privatization and commercialization in Nigeria. The Public Enterprises (privatization and the commercialization) Act in 1999 empowered the BPE to change emphases from commercialization to encouraging more investors, and promoting foreign investment in the privatization programme.

The exercise of privatization started with commercialization of some enterprises like the Nigeria Railway Corporation (NRC), National Electric Power Authority (NEPA), Nigerian Telecommunication limited (NITEL) and Nigerian Postal Services (NIPOST). This was inevitable because, it was less cumbersome and easier to achieve. Some government owned enterprises which merely existed without justifying the purpose for their establishment such as Ikoyi Hotel; Federal Palace Hotel; African Petroleum; National oil, etc. were sold to private investors.

Kuye (2000) once asserted that the governments of countries such as United Kingdom, France, Canada, Turkey, Nigeria etc which adopted mixed economy have now accepted the obvious truth that after all, as most of the public enterprises were turned over to the private sector for better management and thus achievement of economic goals. As a result of the new economic direction UK reduced the high level inflation; huge domestic debts; high level of unemployment and low growth rate of the national economy; chronic deficit in the British balance of payments position and the depreciation in the value of pound sterling (Adeyemo, 2005). Thus, the privatization of the British economy charted by the labour party led to greater accountability, better factor allocation, and stoppage of public subventions of industries.

In Nigeria however, the privatization and commercialization programme has become a major policy instrument, which in addition with other instruments, was expected to contribute to the overall attainment of the general macroeconomic goals. Therefore, the privatization and commercialization programs in Nigeria were aimed at achieving the following objectives: To restructure and rationalize the public sectors in order to lessen the dominance and burden of unproductive investments in that sector; to re-orientate the enterprise for privatization and commercialization towards a new horizon of performance improvement, viability and overall efficiency; to ensure positive returns in public sector investment in commercialization enterprises; to check the present absolute reliance of commercially oriented parastatals on the treasury for funding and to encourage their approach to the Nigerian capital market; to initiate the process of gradual cessation to the private sector of the functions of such public enterprise whom by the nature of their operations and other social economic factors are best performed by the private sector, creating a favorable investment climate for both local and foreign investors, reduction in the level of internal and external debits; and to provide institutional arrangements and operational guidelines that would ensure that the gains of privatization and commercialization are sustained in the future Decree No. 25 of 1988. In a more specified manner, commercialization policy was planned and carried out for the following reasons:

1. Minimization of Government interference: The process of commercialization is much more complex. Unlike the privatized enterprises, in commercialization, government would continue to be the sole owner of the enterprises, they would also continue to have financial stake in the enterprises to be commercialized. However, the Technical Committee on Privatization and Commercialization (CPC) now Bureau of Public Enterprises (BPE) would ensure that all the checks and balances are in place to minimize government interference and to encourage optimum performance by the managers of those enterprises.

2. Commercialized enterprise should adopt commercial orientation and financial self-sufficiency. They are expected to be better managed and to make profit. They are expected to be run like privatized enterprises in future except perhaps in the case of utilities. It should be self-sufficient in both its recurrent and capital expenditure needs. Enterprises to be partially commercialized would be expected to operate like the fully commercialized ones in terms of better management and profit orientation but because of public nature of the goods and services at a price as low as possible to the public. Government was to still provide financial grants for the capital projects of the partially commercialized enterprises. They would be expected to earn enough revenue to cover their operating costs.

3. Operational and management autonomy: They are to enjoy considerable operational autonomy and in accordance with the decree, they will have the power to operate on strict commercial basis and subject to the regulatory power of government: fix rates prices and charges for the goods and services provided, capitalize assets, borrow and issue debenture stocks and sue and be sued in the corporate names.

The Privatization and Commercialization Act 1988 introduced commercialization and privatization as measures for the re-organization of state owned enterprises in Nigeria.

According to section 14 of the Act, Privatization means, the relinquishment of part or all of the equity and other interests held by the federal government or its agency in enterprise whether wholly or partly owned by federal government. Nwoye (2010)state that privatization in Nigeria was formally introduced by the privatization and commercialization Act of 1988, which later set up the Technical Committee or Privatization and Commercialization (TCPC),Chaired by Dr. Hamza Zayyad, with mandate to privatize 111 public enterprises and commercialized 34 others. The federal military government promulgated the Bureau of Public Enterprises Act of 1993, which repealed the 1988 Act and set up the Bureau for Public Enterprises (BPE) to implement the privatization program in Nigeria. According to Adesammi (2011) the government, set up the Bureau of Public Enterprise (BPE) to privatized and commercialized, as the case may be, public enterprise with the objective of reducing or eliminate the drain on public treasury. It also seek to reduce corruption, modernize technology, strengthen domestic capital markets promote efficiency and better management, reduced debt burden and fiscal deficit resolve massive pension funding problems, broaden the base of ownership of business as well as others which include generating funds for the treasury, promoting good governance ,attracting foreign investment and stop capital flight capital. Whether the BPE has met and realized these objectives is a matter opened for debate.

According to Dimgba (2011), privatization is a phenomenon which has been a necessary concomitant to the principle of changing ownership and management from the government to private investors. Privatization encompasses the many ways in which the private sector assumes functions that were previously carried out by the government (Aktan, 2011). According to Pamacheche and Koma (2007), privatization is supposed to be undertaken to re-deploy assets from the public to the private sector, where the assets are expected to be used more efficiently. Pamacheche and Koma (2007) expressed that depending on the form it takes privatization can be defined in several ways. They quoted a definition of privatization by the World Bank (2003) as, a transaction or transactions utilizing one or more of the methods resulting in either the sale to private parties of a controlling interest in the share capital of a public enterprise or of a substantial part of its assets, or the transfer to private parties of operational control of a public enterprise or a substantial part of its assets.

According to International Labour Organization (ILO) (2001), privatization is the transfer from the public to the private sector of assets in terms of ownership, management, finance or control. In its narrowest sense it is the sale of public assets to the private sector, but it has also been linked to a reduced regulatory role of government, linked to policies of liberalization and deregulation.

In Nigeria, this theory has not gone unchallenged as to its relevance to many sub-sahara African countries. From the view point expressed by Aluko, the assumption of the inherent efficiency of the private sector should be questioned. He argued that in Nigeria, much of private sector profits are not always the result of efficient operation and increased productivity but rather often represent money that private contractors make through inflated contracts, patronage and corruption. He argues that most of the richest people in Nigeria's private sector make their money, for the most part, through their public sector connections and influence (Adeyemo, 2005). Operationally, Nigerian commercialization and privatization Decree No 25 of 1988 defines privatization/commercialization as the reorganization of enterprises wholly and partially owned by the government in which such enterprises shall operate as profit making ventures and without subventions from government. The decree also distinguishes between full and partial commercialization / privatization.

The fully commercialized/privatized are expected to operate on commercial basis: raise fund from capital market without any form of government guarantee. The term guided privatization was introduced in the second phase of privatization scheme, at its reactivation in 1999. It conceptualized privatization as the transfer of government owned shareholdings in designated enterprises to private investors, comprising individuals and corporate bodies (Ayodele, 2004).

2.1.4 Problems of the Privatization Policy

In the course of the study, some problems which militated against the purposes and objectives of the privatization process were identified. They include but not limited to the following:

i. Corruption

Ayodele (2011) noted that the senate probe of the activities of the BPE in August 2011 was nothing but "a reality show of monumental fraud and daylight robbery perpetrated in the name of privatization exercise". The senate probe provided Nigerians the platform to hear from the horse's mouth, what had become an open secret-that privatization is more of a brazen pillage of the country's patrimony and the corruption cases exposed were among others. The Nigerian Re-Insurance corporation that was worth ₦50bn was sold for ₦1.5bn. For companies like Ajaokuta steel and Daily Times, the only activities that have been taking place since their sale are the stripping of their assets by the new owners (Ayodele, 2011).Much of the proceeds of privatization have not been officially accounted for by the officials of the BPE. It has been shrouded in accusations and counter accusations (Abubakar, 2011). The entire exercise appears to be characterized by one form of malpractice or the other. Ayodele (2011) pointed out that asset acquisition agreement or share purchase agreements are often lopsided and thus become subject of litigations thereafter. In other cases the selected core investors are unable to pay the bided sum (agreed price) for the privatized firms on excuse that the financial records of the privatized firms are unaudited or incoherent and that due diligence checks were haphazardly carried out. Despite all these, EFCC and ICPC, the nations economic watch dogs have kept mute over the years since 1999.

ii. Lack of transparency

The Government agency charged with the responsibility of selling off these public companies. Bureau of Public Enterprises (BPE) has so far raked in ₦510 billion after selling some 145 public owned firms, but the BPE is yet to make public the report of the post privatization evaluation exercise it conducted in year 2010. BPE stated that, the report is not for public consumption (Abubakar, 2011).

iii. Lack of co-operation from some government officials: some officials were recalcitrant over the policy of privatization as this would undermine the status quo, especially the supervising ministries.

iv. **Lack of public Accountability:** Since all the controversial decisions are made by government officials in the exercise, the question arises as to who owes the responsibility and accountability to whom in the several privatization scandals that have unfolded in recent years. Can a radiator regulate itself?

v. **Lack of access to Credit:** Many prospective investors did not have enough funds to process their application forms, contrary to the expectation of Government.

vi. **Poor funding of Bureau of public Enterprises:** Adeyemo (2005) revealed that the National Assembly appropriated only₦406,056,000 to the BPE in the budget as against the ₦ 1.6 billion proposed.

vii. **Geo-Political and Income-Group spread:** The enabling decree laid emphasis on equity in the spread of shareholding. But contrarily there were marked in balance in equity shareholders distribution among income groups and different segments of the society. Some income groups or geo-political entities tend to have cornered the market.

2.1.5 Concept of Financial Performance

Financial performance is the measure of the result of a firm's policy and operations in monetary terms. Financial performance can also be referred to as the level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time. In the view of Dallas (2004) financial performance is seen as a subjective measure of how well a firm can use assets from its primary mode of business to generate revenues. It is also used as a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry. Shaw (2009) notes, that performance can be determined through two basic types of measurement. These are:

i) Assessment that are related to results, output or outcomes such as competitiveness, profit etc.

ii) Assessment that focuses on the determinants of the result such as price or product.

Shair (2009) also state that assessment of business performance usually embraces the following interlinking fundamental areas.

a) Output/input relationship or productivity
b) Money: usually measured as profit or loss
c) Customer emphasis such as quality
d) Innovation and adaptation change and
e) Human resources

Performance links an organizations goals and objectives with government decision of privatization (Abdulkadir, 2007).

2.1.5.1 Financial Performance Indicators (FPIs)

Financial performance exists at different levels of the organization. This page is mostly concerned with measuring the financial performance of the organization as a whole, and of measuring the performance of key projects. Further measures are used as part of the particular problem of divisional performance appraisal. Financial performance measures may be split into the following categories:

i. Profitability
ii. Liquidity / working capital
iii. Gearing
iv. Investor ratios

i. Profitability measures

The researcher will majorly focus on the financial performance indices used in the conduct of the study as reviewed below:

a. Gross profit margin

This is the gross profit as a percentage of turnovers. **Gross profit margin**= (gross/turnover) x 100A high gross profit margin is desirable. It indicates that either sales prices are high or that production costs are being kept well under control.

b. Net profit margin

This is the net profit (turnover less all expenses) as a percentage of turnover.**Net profit margin** = (Net profit/turnover) x 100 A high net profit margin is desirable. It indicates that either sales price are high or that all costs are being kept well under control.

c. Asset turnover

This is the turnover divided by the capital employed. The asset turnover shows the turnover that is generated from each $1 of assets employed. **Asset =** (turnover/Capital employed)

A high asset turnover is desirable. An increase in the asset turnover could be achieved by:

i. Increasing turnover, e.g. through the launch of new products or a successful advertising campaign.

ii. Reducing capital employed, e.g. through the repayment of long term debt.

d. Return on Investment (ROI)

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. ROI measures the amount of return on an investment relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio. The return on investment formula: **ROI=** (Gain from investment **-** Cost of Investment) / Cost of investment.

In the above formula, "Gain from Investment" refers to the proceeds obtained from the sale of the investment of interest. Because ROI is measured as a percentage, it can be easily compared with returns from other investments, allowing one to measure a variety of types of investments against one another.

Breaking Down 'Return on Investment (ROI)

Return on investment is a very popular metric because of its versatility and simplicity. Essentially, return on investment can be used as a rudimentary gauge of an investment's profitability. ROI can be very easy to calculate and to interpret and can apply to a wide variety of kinds of investments. That is, if an investment does not have a positive ROI, or if an investor has other opportunities available with a higher ROI, then these ROI values can instruct him or her as to which investments are preferable to others.

e. Return on Assets (ROA)

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment". The formula for return on assets is: **ROA=** Net Income/Total Note: Some investors add interest expense back into net income when performing this calculation because they would like to use operating returns before cost of borrowing.

Breaking Down Return on Assets (ROA)

ROA tells you what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or the ROA of a similar company. The assets of the company comprise of both debt and equity. Both of these types of financing are used to fund the operations of the company. The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment.

f. Return on Capital Employed (ROCE)

ROCE is a key measure of profitability. It shows the net profit that is generated from every naira of assets employed. **ROCE =** (Net profit / Capital employed) x 100

i. ROCE is sometimes calculated using PBIT instead of net profit. Use which ever figure is given in the exam.
ii. Capital employed = total assets less current liabilities or total equity plus long-term debt.
iii. Capital employed may be based on net book value (NBV), gross book value or replacement cost.

An increase in ROCE could be achieved by:

i. Increasing net profit, e.g. through an increase in sales price or through better control of costs.
ii. Reducing capital employed, e.g. through the repayment of long term debt.

The ROCE can be understood further by calculating the net profit margin and the asset turnover:

ROCE = net profit margin × asset turnover

2.2 Theoretical Framework

2.2.1 Free-Market Economic Theory

The concept of privatization is based on the modern free market economic theory as propounded by Adams Smith in 1776 in one of his books named “Wealth of Nations”. It centers on the doctrine of competition and profit motive founded on free-market pricing and freedom from the interfering hands of state regulation (Schermerhon, 1993). Privatization according to this theory could reap the advantages of the market system and competition namely; effectiveness, productivity and efficient service. Privatization would thus, strengthen market forces with some degree of deregulation, economic liberalization, relaxation of wage and price controls (Ugorji, 1995). Privatization and in some cases commercialization has grown in popularity and acceptability globally. It has also become an important instrument that government can use to promote economic development, improve the production and distribution of goods and services, stream-line government structure and reinvigorate the industries control or management by the State (Adeyemo, 2005). It is derived from the international capitalist imposition especially the World Bank/IMF, which stipulated economic liberalization/ privatization as preconditions for providing development loans to the less developed countries (LDCs). With the need to enhance the efficiency of public enterprise, the study is adopted to examine how the removing of government bottlenecks and the liberalization of the OANDO Plc into the free market competitive economic forces have affected its financial performance.

2.3 Review of Empirical Literature

There are vast empirical literatures on privatization which evaluated firms financial performance in developed and developing economies but there are scanty empirical evidence on comparative studies that examined financial performance of privatized vis-a-vis existing private companies most especially as it pertains to Nigeria For instance the study conducted by Megginson, Nash, and Randenborgh, (1994) compared pre and post privatization financial and operating performance of 61 firms that experienced full or partial privatization through public share offerings from 32 industries in 18 countries (6 developing and 12 developed) between 1961 and 1990. Descriptive research design was adopted for the study were financial indicators such as profitability, sales, operating efficiency, capital investment, leverage ratios and dividend pay-out figures. The study documents strong performance improvements achieved without sacrificing employment security. Specifically, after being privatized, firms increase real sales, become more profitable, increase their capital investment spending, improve their operating efficiency and increase their work forces.

Furthermore, these companies significantly lowered their debt capital and increase dividend payout. Finally, they document significant changes in the size and composition of corporate boards of directors after privatization. The study relates to the study because it focuses on privatization. This study focuses on comparison of pre and post privatization performance.

In another single industry study, D’Souza and Megginson (1998), examine performance changes following the privatization by share offering of 17 national telecommunication companies for the period from 1981 through 1994. Ex-post facto research design was adopted in conduct of the study. Data collected was analyzed using regression analysis. They find persuasive evidence that profitability, output, operating efficiency, and capital investment spending, the number of access line (a proxy for units of physical output), and average salary per employee all increased significantly after privatization; Leverage declines significantly, and employment declines significantly. The study relates to the study because it focuses on performance of privatized company.

Dewenter and Malatesta (1998) used regression and time series methods to compare the pre- versus post privatization performance of 63 large, high-information companies divested during the period 1981 to 1993. These authors examined performance changes over both short time frame around privatization, comparing events (-3 to -1) with (+1 to +3), as well as examining a longer period, comparing events years (-10 to -1) with (+1 to +5). They document significant post privatization increases in profitability (using net income) and significant decreases in leverage and labor intensity (employees/sales) over the period immediately after privatization. However they also found that operating profits increase prior to divestiture and may actually decrease somewhat afterward. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined the evaluate the pre and post privatization performance of information companies.

An empirical study by LaPorta and Lopez (1999), tests whether the performance of a sample of 218 Mexican SOEs privatized in June 1992 improved after divestiture. The authors compare the profitability, employment, and efficiency levels of the privatized firms to an industry matched control group, and find that the former SOEs rapidly closed the yawning performance gap that had existed prior to divestment. Descriptive research design was adopted for the study. Output increases by 54.3 percent, (in spite of a reduced level of investment spending), sales per employee almost doubled, and privatized firms reduced blue- and white-collar employment by half. The study relates to the study because they both evaluate the performance of privatized company with existing private companies.

D'Souza and Megginson (1999) study compared the pre- and post-privatization financial and operating performance of 85 companies from 28 countries (15 industrialized and 13 non-industrialized) that experience full or partial privatization through public share offerings for the period from 1990 through 1996 using descriptive research design. The study documents significant increases in profitability, output, operating efficiency, and dividend payments – and significant decreases in leverage ratios- for all the sampled firms after privatization and for most sub- samples examined. Capital expenditures increase significantly in absolute terms, but not relative to sales. Employment declines but insignificantly. By and large, findings from this study strongly suggest that privatization yields significant performance improvements. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. Again the study evaluates the pre and post privatization performance of privatized companies.

Zuobao and Varela (2003) examined the pre- and post privatization financial and operating performance of 208 firms privatized in China during the period 1990-1997 using descriptive research design. The full sample results show significant improvements in real output, and sales efficiency, and significant declines in leverage following privatization, but surprisingly, no significant change in profitability. The authors carried out further analysis and posited that privatized firms experienced significant improvements in profitability compared to fully state-owned enterprises during the same period. Firms in which more than 50% voting control is conveyed to private investors via privatization experience significantly greater improvements in profitability, employment and sales efficiency compared to those that remain under the state's control. The authors conclude that, privatization works in China, especially when control is passed to private investors. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. Furthermore, the study evaluates the pre and post privatization performance of China companies.

In a study on partial privatization and firm performance in India, Gupta (2004) used data from Indian state-owned enterprises and found that partial privatization has a positive impact on profitability, labor productivity and investment spending. On the other hand, he found no evidence that firms are chosen for privatization because of unusually bad performance in the previous year. His analysis confirms the argument that the most profitable enterprises are usually the first to be privatized as with the case in Indian oil and gas companies. He also documents that privatization and competition are not substitutes in their impacts on firm performance. His results supports the hypothesis that partial privatization address managerial rather than the political view of inefficiency in state-owned enterprises. The study relates to this study because they both focused on privatization to enhance efficiency of government organizations.

Boubakri, Cossetand Guedhami (2004) examined the post-privatization performance of newly privatized insurance firms in Asia and showed how the private ownership structure evolves overtime. The authors show that privatization leads to increase in profitability, efficiency, and output in former state-owned firms from Asia. Employment increases but insignificantly. Compared to the related literature on the effects of privatization in developing countries, results from this study indicate that performance improvements in Asia where most firms are partially privatized are less significant than those documented in other studies. This study finds that higher improvements are associated with certain aspects of corporate governance and the economic environment: For example, a friendly institutional environment, lower political risk, more developed stock markets and involvement of foreign investors, are important determinants of performance improvements after privatization. Finally, the study shows that governments generally do not relinquish control and private ownership concentrates overtime, but by far less than what is observed elsewhere in developing countries. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. While the study examined the post privatization performance of insurance companies, the present study comparatively analyze performance of privatized company (OANDO Plc) and private oil companies operating in Nigeria.

Salawu and Akinlo (2005) examined the efficiency of privatization through the evaluation of financial performance of a privatized manufacturing company between the periods 1978 to 2001 using ex-post facto research design. This period cover the pre-privatization and post-privatization period of the company under consideration. Privatization has been recognized as a key element to promote efficiency, reduce fiscal burden and help in developing capital market. In order to achieve the objective of the study, secondary data on the performance indicators were collected from the annual reports of the organization. The food manufacturing industry is considered as a sample design of the study among 10 groups of privatized economic strata. The result showed that there have been upward trends and steady growth in post-privatization era based on ROA, ROCE and ROE but with slight fluctuation in the growth rate in some of the years under study. The same trend as stated above applied to EPS, GPM and Turnover for the years under study. However, the findings showed that the privatization programme has a significant mixed impact on the operation of the company under study. The programme also indicated a positive impact in the operating financial performance of the company as reflected in its consistent growth rate of returns of the years under study, especially in post-privatization era of the company. In spite of the general positive impact of privatization on the financial performance of the company, the post-privatization period was beset with escalating operational cost resulting from high rate of inflation, which was seriously obstructing investment and industrial growth. Thus, policies to tame inflation should have inbuilt ability to increase the productive capacity of the company. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations.

Afeikhena (2008) appraises the post-privatization performance of some privatized enterprises in Nigeria using descriptive design. The specific indicators examined are profitability, productive efficiency, employment, capital investment, output, prices and taxes. The study measured the change in any given indicator of performance by comparing its average value five years before and five years after privatization. Data Envelopment Analysis (DEA) is also deployed to assess changes in the level of technical efficiency in the selected enterprises. The results, albeit mixed, show significant increases in these indicators. Privatization is also associated with increase in technical efficiency in the affected enterprises. Reduction of politically motivated resource allocation has unquestionably been the principal benefit of privatization in Nigeria. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations in Nigeria. While the study examined the overall performance of the government investment, the present study comparatively analyzed the performance of privatized oil company (OANDO Plc) and private oil companies operating in Nigeria.

Abdullahi, Abadullahi and Mohammed (2012) examined privatization and firm performance in Nigeria. The period of analysis covers 5 years before, and 5 years after privatization. The study determined post privatization performance changes of insurance firms. Results obtained from the study are mixed. Whereas some companies in our sample show improvements in some indicators, other companies have shown decline in some indicators after privatization. However, in spite the mixed results, the overall picture shows improvement in profitability for at least half of the firms in our sample. Overall, we may conclude that our results provide little evidence that privatization has caused significant improvement by all indicators.

Gilaninia Ganjinia and Asadian (2013) investigated the impact of privatization in insurance industry on insurance efficiency in Iran. Overall the results indicated that becoming government insurance entities is the caused of reduction the premium share in GDP. Also since becoming governmental of insurance industry has negative impact on premiums per capita and insurance penetration rate. On the other hand, war reduced premium share in GDP. So, it can be said that with privatization of country insurance, increases efficiency of insurance industry and since insurance is from important tools of capital market, helps growth and economic development of the country. Privatization is better done in two stages. First to be created is the release of favorable conditions for governmental insurance activity and private insurance together and the next step is step ownership transmission. Also central insurance has evaluated financial ability of insurers continually and obtained confidence that the companies are able to play their obligations. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations.

Muogbo (2013) examined the impact of privatization on corporate performance in some selected industries in Nigeria and found that corporate governance has significant positive relationship with privatization in terms of setting up sound corporate objectives and in maximizing shareholders wealth. This indicates that investment in privatized firms will be more profitable than investment in firms with government presence. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined corporate governance performance in privatized government organization.

Xiaoxuan (2001) examined the effects of privatization on industrial performance in Chinese economic transition using the 2001 National Industrial Census data. The study which adopted the current enterprise registration classification stipulated by the State Statistical Bureau as the ownership type; based upon that, the researchers got enterprises with different types of ownership, and constructed an empirical model on Chinese economy, then tested the different effects of ownership on efficiency. The study found that the essential force to determine the enterprise performance is the share control rights. It is the different kinds of share control rights that result in different effects on efficiency. The more the individual share control rights, the higher is the efficiency. It demonstrates that individual capital has a positive effect on efficiency enhancement. On the contrary, the more the state shares control rights, the lower is the efficiency. It means that state capital has a negative effect on efficiency enhancement. Therefore, the positive effect of stock company on efficiency can be attributed institutionally to the role of individual capital entrance or privatization. Therefore, the ownership structure of stock company still has a lot of room for improving efficiency. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined efficiency of privatized companies in adding value to Chinese economy.

Based on a study by Soyebo, Olayiwola, and Alayande (200l), which analyses the impact of privatisation on private sector development using the efficiency, financial and distributional impacts of privatisation in Nigeria, with sampled firms selected from the manufacturing and services sectors using the period of five years prior to, and five years after privatisation of each of the firm as basis of analysis, the result has been largely ambivalent and, to a large measure, unsupportive of the expectations at the start of the privatization programme. The study measured profitability using both the returns on sales (ROS) and returns on assets (ROA) ratios, the researchers found out that two of the companies, Aba Textile and Royal Insurance, recorded positive improvements on the three ratios (sic). The return on sales (ROS) recorded a negative change after privatisation of four companies. For instance, ROS fell from l4 % before privatisation to 7 % after privatisation in UNIC. Okomu Oil and Flour Mills from l9 %, 4.8% before privatisation to l7.6 % and 3.6 % respectively, using the returns on sales. NIYAMCO also recorded a negative change of about 2.8% using ROS, while NASCON recorded positive changes in ROS, its ROA fell from 45.8% to 6.5%. UNIC recorded negative changes in profitability, using the three ratios (sic). Only Royal Insurance recorded significant improvement in ROS and ROA at 5% and l0% level respectively, while ROS shows a significant change in Okomu oil and NASCON at 5%. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations.

Fisher, Gutierrez and Serra (2003) explored the effects of privatization on firms and on social welfare: The Chilean case using descriptive survey research design. The study found that privatized firms enjoyed significant improvements in efficiency, but that these gains were no different than those experienced by other private firms in their respective economic sectors. This allows their study to conclude that Chilean SOEs were efficient before privatization. In terms of profitability, privatized firms in the regulated sector enjoyed particularly sizeable gains. In fact, employment in those firms increased after privatization, suggesting that they were not overstaffed under government control. They also showed that the profitability in the regulated sector is due to the more efficient use of physical capital and to the fact that the regulators were unable to transfer increased profits to consumers. Furthermore, the study examined the effects of the privatization of social services. Nevertheless, regulated firms are fairly efficient, implying that incentive regulation has been successful. Another dimension of the privatization process involves infrastructure; successfully franchising the main highways and ports. The resultant benefits in terms of reduced transportation costs will increase the efficiency of the economy as a whole. The privatization of the health insurance system has faced challenges due to the information asymmetries that plague the industry, but it has had the beneficial effect of exposing inefficiencies in the public system and thus creating demand for improvement. Similarly, though the introduction of school vouchers has not been shown unequivocally to have led to a better education system (though there is some evidence that this is so), it has put pressure on the public system to improve. Vouchers would be more effective if parents were informed of the results of their children on standardized tests and if public schools were able to dismiss bad teachers. Finally, increased competition in higher education has led to improvements in the quality of the traditional state-financed institutions and to a large increase in the coverage of higher education. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations.

Sathye (2005) investigated privatization, performance and efficiency in Indian Banks. The data of the study were obtained from Performance Highlights of Banks, a publication of the Indian Banks' Association for five years: 1998-2002. The financial performance of the banks was measured using the standard financial performance measures such as return on assets. The efficiency of banks was measured using accounting ratios, e.g., deposits per employee. Two main approaches are generally used to evaluate the impact of privatization on firm performance: 'Synchronic' approach in which the performance of state-owned firms is compared with the firms that were privatized or with the firms that were already in private ownership. 'Historical' approach, in which ex-ante and ex-post privatization performance of the same enterprise is compared. The study revealed that financial performance of partially privatized banks (measured by return on assets) and their efficiency (measured by three different ratios) were significantly higher than that of the fully public banks. In the matter of quality of advances (measured by the ratio of non-performing assets to net advances), significant difference was not found in these two groups. Of course, there is no quick fix for this problem. Partially privatized banks also seem to be catching up fast with fully private banks as no significant difference was found in financial performance and efficiency between them. On comparing the strategies of privatization in India with the other countries, India was found to adopt the strategy of initial public offerings like Poland. This strategy failed in Poland but seems to have succeeded in India. Gradual privatization and well-developed financial markets seem to have contributed to Indian success. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations.

Odukoya (2007) descriptively undertook a comparative critique of two privatization programmes: Britain and Nigeria. The study argued that privatisation entails the appropriation and expropriation of the national surplus created by labour, and represented in the social wealth of the public enterprises being put up for sale. Consequently, central to the problematic of privatization; the paper posits the issues of power, the authoritative allocation of resources, and the decentralization of the role of the state in development. The study avers that privatisation goes beyond the "transfer" or "change of ownership" of SOEs; it entails the redefinition of class boundaries, sharpens class contradictions and antagonism by skewing resources and power in favour of private capitalist claimants, as well as the ascendancy of neo-liberal ideology. The study further opines that market based corporate governance which privatization enforce has the propensity to weaken both the trade and labour unions, as well as impoverish the citizenry. Since they constitute the leading lights of the civil society, then, the civil society in turn stands the risk of being emasculated, and democracy threatened. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study determine privatization effect on Britain and Nigeria economy.

Odeh (2011) examined the dilemma of privatization of public enterprise and productivity in Nigeria. The study assessed the productivity of the privatized public entities in Nigeria using certain indices for analysis, such as profitability, output and employment. The regression statistical technique was employed and the analysis showed that certain factors such as corruption, lack of transparency, etc, have led to low level of productivity in the goal attainment of the policy. The study concluded that if privatization must of necessity bring forth the desired benefits, it has to be viewed not as an end itself, but as a means to getting government interested in fostering a new division of labour between the public and private sectors in order to increase the efficiency and contribution to the development of both sectors. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined the evaluate the synergy of privatization to enhance performance of all public companies in line with private sector practices.

Cheng, Shamsher and Annuar (2008) investigated the impact of privatization on insurance companies in Malaysia using regression statistical analysis. The results showed that privatization of insurance firms in Malaysia have significantly improved insurance companies such that their level of profitability and other related issues to their operation were positively enhanced. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. While the study examined the privatization effect on performance of insurance companies in Malaysia, the present study comparatively analyze performance of privatized oil company and private oil companies operating in Nigeria.

Balsari and Ozkan (2009) examined the influence of privatization and commercialization of insurance firms in Turkey for the years from 1992 to 2007. The study used independent sample t-test and their results showed that privatization and commercialization of insurance firms has negative impact on insurance companies' performances as compared to when they were not privatized. The implication of their study is such that privatization of insurance firms has not favoured Turkey insurance firms. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. While the study examined the privatization effect on performance of Turkish insurance companies, the present study examined the performance of privatized oil company and private oil companies operating in Nigeria.

Similarly, Abuzayed, Molyneux and Al-Fayumi (2009) also investigated whether privatization is a useful instrument in improving the performance of insurance firms in 15 insurance companies in Jordan between 1993 and 2004. Based on their regression results, it was found that privatization is not a useful instrument in improving the performance of insurance firms such that privatization does not favour insurance firms in Jordan. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. While the study evaluate privatization on performance of Jordanian insurance companies, the present study comparatively analyse performance of privatized company and private oil companies operating in Nigeria.

Mondal and Imran (2010) investigated the role of privatization and commercialization of banks and insurance firms in Dhaka. The study also analyzes the influence of liquidity, leverage, profitability, growth, size of the firm and dividend rate of the banks and insurance firms. The study found a significant relationship between recapitalization of insurance and banks with regards to the influence it has on liquidity, leverage, profitability, growth, size of the firm and dividend rate after the privatization of these institutions. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. While the study evaluate the privatization effect on performance of Banks in Dhaka, the present study comparatively analyse performance of privatized oil company and private oil companies operating in Nigeria.

Zayyad (2012) examined privatization and commercialization in Nigeria using a descriptive approach. The study found that programme of privatization and commercialization is a major opportunity for the reform of Nigeria's ailing public enterprises and to prepare them to serve the needs of the Nigerian economy in the 21st century. Enterprise will be made more efficient, more accountable and more responsible to the needs of the clientele it is meant to be serving – the Nigerian public. Furthermore, the study revealed that the Nigerian private sector will also benefit tremendously in the creation of new investment opportunities and a better investment climate. A lot of new shareholders have been created and now have a say in the affairs of the organized private sector. The performance of the Nigerian Capital Market will be enhanced greatly, as well the growth potential of the Nigerian economy. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study evaluate privatization effect on performance of Nigerian capital market.

Nwoye (2010) investigated the effect of privatization of public enterprises in Nigeria by appraising views and counterviews. The study suggests that if privatization is carried out with sincerity of purpose, almost every group will come out ahead as a result of divestiture. Workers will be shareholders. Consumers will be better off because of better services. New graduates and the unemployed will get jobs because of expansion. Government will be relieved of the burden of subsidies. Investors will gain investment opportunities. Ultimately, the public (both foreigners and nationals) will be free to pursue any private economic interest. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study evaluated the privatization performance using views and counterview of workers and consumers.

Javad Shahraki (2011) studied the relationship between privatization and economic growth in Iran, using Auto Regressive Distributed Lag method to characterize relationship between GDP and independent variables. The result showed that there is a positive relationship between privatization and economic growth in Iran, but competitive or openness situation of the economy have not helped in the growth of the economy and no significant relationship between privatization and economic growth was found. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined relationship between privatization and economic growth.

Al-Otaibi (2006) in his study investigated the effect of privatization on economic growth in fifteen (15) countries with developing economies, using a cross-section model (OLS estimation) and a cross section-time series model using panel data analyses including four panel types, namely; None, Common, Fixed effect and Random effect. The results of the OLS regression revealed that, in case of Saudi Arabia, Kuwait, Bahrain, Jordan, Iran, Morocco, Pakistan, India, Indonesia, Malaysia, Venezuela, Mexico, and Argentina, privatization had a significant impact on the GDP level which reflected on the economic growth at 5% significance level. In case of Egypt and Turkey, the results revealed that there is a negative relationship between privatization indicators and economic growth at 5% significance level. The result of the four-panel tests revealed that privatization has a positive and a significant impact at 5% significance level. This is consistent with study hypothesis that privatization has an impact on the productivity of all factors in the economy and it leads to improving the investment climate in the developing countries. Hence, foreign direct investment (FDI) will increase and economic growth will improve. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations.

Katsoulakos and Likoyanni (2002) investigated the relationship between privatization and macroeconomic variables using country-level panel data of twenty three (23) OECD countries for the period 1990 to 2000. The authors examined the link between privatization receipts, budget deficit, public debt, output growth and unemployment rate. The estimation results indicate that there is no statistically significant relation between GDP growth rates and the privatization proceeds of the previous period. This conclusion is drawn from a model where the dependent variable is the GDP growth rate and the only explanatory variable is the privatization receipts (as a percentage of GDP of the previous period). One concern with this specification is that it suffers from omitted variables bias. Barnett, (2000) used country-level panel data of eighteen (18) countries which included ten (10) developing countries, the rest being transition economies. This study explored the impact of privatization on fiscal variables, growth, unemployment and investment. The empirical evidence indicated that privatization is positively correlated with real GDP growth rates. The estimate, suggested that privatization of 1% of GDP would be associated with an increase on the real GDP growth rate of 0.5% in the year of privatization and 0.4% in the following year. For the non-transition sample, the effect would be a 1.1% increase in real GDP growth rate in the year of privatization and 0.8% in the following year. However, as acknowledged by the author himself, the results of this study are based on a select sample of countries and for a limited period for which data was available. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined the relationship between privatization and economic growth of 18 countries.

Ifionu and Ogbuagu (2013) evaluate theoretically and empirically the impact of privatization on economic growth in Nigeria. Using error correlation model (ECM), it was discovered that privatization has not impacted positively on economic growth in Nigeria, and this was blamed on a lot of factors like political instability and inadequacy of the past policies to achieve good result. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study reviewed the relationship between privatization and economic growth, the present study comparatively analyze performance of privatized oil company and private oil companies operating in Nigeria.

Arowolo and Ologunowa (2012) studies present the two sides of the arguments on the viability of privatization in Nigeria. The study adopted content analysis in driving home it points. The study found that privatization on its own cannot solve the problems of inefficiency and corruption facing public enterprises. This is because the private sector is not free from the evils associated with the public sector. It is also infested with the problems of corruption, inefficiency and lack of direction. As a matter of fact, it is the public sector that sets the parameter for direction in the private sector and if the public sector is incapacitated, it is naturally expected that there will be a carryover effect on the private sector. Although there are gains in privatizing public enterprises, such exercise would remain futile if certain measures are not put in place before privatization. It has been discovered that privatized public corporations in Nigeria are not performing better than the way they were, prior to their privatization.

Adesina (2012) examined the political economy of privatization and its attendant features in Nigeria as well as the challenges of the 21st century. The study used simple percentages in analyzing the attendant features of privatization in the Nigerian economy and found that privatization of public enterprises has brought significant progress most especially in the demonopolization of the communication sector amongst other advantages. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. While the study examined the political economy of privatization on Nigerian economy, the present study comparatively analyse performance of privatized oil company (OANDO Plc) and private oil companies operating in Nigeria.

Shahram, Hosein and Azadeh (2013) explored privatization in the insurance industry in Iran using a descriptive statistical method. The study revealed that privatization activities mainly is due to factors such as continuing the general trend to reduce the role of government in the economics, budget constraints, need to attract investment, technological change that can be have importance dimensions political, social and economic. In this regard, for that to be able achieved to sustainable development and comprehensive should be considered all dimensions of privatizations economic, social, cultural and political on the development process. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined privatization of insurance business in Iran.

Sinha (2002) tested the effect of privatization of the insurance market in India. The study also provides useful insights on the institution of insurance in India and found that over the past century, Indian insurance industry has gone through big changes. It started as a fully private system with no restriction on foreign participation. After the independence, the industry went to the other extreme. It became a state-owned monopoly. In addition, the study showed that in 1991, when rapid changes took place in many parts of the Indian economy, nothing happened to the institutional structure of insurance: it remained a monopoly. Only in 1999, a new legislation came into effect signaling a change in the insurance industry structure. The study examined what might happen in the future when the domestic private insurance companies are allowed to compete with some foreign participation. Because of the time dependence of insurance contracts, it is highly unlikely that these erstwhile monopolies are going to disappear. The study relates to this study because they both focused on privatization to enhance efficiency of government organizations.

Ganesh (2014) descriptively examined the growth of insurance industry in India after privatization of life insurance sector. Using some statistical measures, the study found that during the first decade of insurance sector liberation, the sector reported a consistent increase in insurance penetration from 2.71 per cent in 2001 to 5.20 per cent in 2009. However, since then, the level of penetration has been declining and reached to 3.96 per cent in 2012 which is much below the global average of 6.5 per cent of GDP. The density of insurance business has gradually increased from 11.50 in 2001 to 64.40 in 2010. Since then, the density has shown falling trend and recorded at 53.20 in 2012-13. The predominant reasons for the fall in the life insurance business is declining premium collections and the regulator tightening the rules governing this sector followed by decline in the household financial savings ratio. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined privatization on growth of insurance companies in India.

Ahmed(2014) set a study to found the result of privatization on the financial performance of the Kenyan aviation industry, particularly to the Kenya Airways Limited. The financial performance of Kenya Airways before and after its privatization was analyzed by financial statements throughout this phase. The sample of 37 staff was used in the study. The result of the study proved that there were positive developments in the performance of Kenya Airways afterward denationalization in terms of liquidity and liability ratios compared to its performance earlier privatization. This performance indicator showed also a boost in financial efficiency. It was found that profitability and financial efficiency increase after privatization. The study relates to the study because they both focused on privatization to enhance efficiency of government organizations. The study examined privatization on performance of Kenyan Airways.

Backman, Johansson and Persson (2007) examined private equity and the privatization of public companies. Using a deep qualitative research approach combined with statistical data, common factors for buyout activity was identified. Factors such as hidden values, capital structure, strategy and efficiency improvements, and more focus on long term performance by replacing the management and board, seemed to be important when selecting buyout targets. The study relates to the study because it focuses on performance of privatized company.

2.4 Summary of Literatures

The summary of the reviewed literature focused on three main sections: Conceptual framework, Theoretical framework and Empirical review. The conceptual framework dealt with the meaning, types, reasons, problems of privatization and other related issues. The theoretical framework concentrated on the theory guiding the study which is the theory of free market economy. Based on the foregoing no study has focused on the comparative of privatized viz-a-viz then on-privatized entities. This is the gap this study attempted to fill.

The final section of the literatures reviewed for the study is the empirical literatures which gives an overview of studies that have been carried out related to the study, from all the study, many of the studies have focused on how effective privatization had been. From the above empirical studies, it is observed that the studies on privatization have produced mixed results, but most of the research conducted revealed strong performance improvements as a result of privatization. Only a few studies have indicated dismal performance after privatization. However, it is important to note that some of these successes are not achieved entirely as a result of privatization. As Dewenter and Malatesta (2001) have shown, governments efficiently restructure at least some firms before selling them. To the best of my knowledge, based on the extensive reviews carried out no research has been focused on the comparative analysis of privatized petroleum company vis-à-vis its non-privatized counterparts quoted on the Nigerian Stock Exchange. This study will therefore help to add a new vista to the study of privatization especially not only in the oil industry but to privatization in general.

3. METHODOLOGY

3.1 Research Design

The research design adopted was descriptive method. This method is concerned with collection, presentation, analysis and interpretation of data for the purpose of describing vividly existing conditions, prevailing practical beliefs, attitudes, on-going processes and so on. The design was adopted because it assisted the researcher to get detailed and factual information to describe the financial performance of OANDO plc among petroleum companies in Nigeria.

3.2 Population of the Study

This refers to the totality of all the elements, subjects or numbers which possess common and specific characteristics within a given geographical location. The population of the study comprises all the 14petroleum companies quoted on the Nigerian Stock Exchange out which 1 privatized and 1 non-privatized petroleum companies were respectively selected.

3.3 Sample and Sampling Technique

Purposive sampling technique was used in selecting the one most capitalized from among the 13 non-privatized companies: Total Oil Plc, to be compared with the privatized company represented by OANDO Plc.

3.4 Source of Data

The researcher obtained data from the annual reports and accounts on the selected companies. Data on Net Profit, Cost of Sales, Total Assets, Equity, and Non-Current Liabilities were obtained from the annual reports and accounts of the companies for the period 2008-2015. This data is valid and reliable since it has undergone an independent audit examination before adopted for the study.

3.5 Method of Data Analysis

The mean, standard deviation and t-test statistics were employed to test the relevant hypotheses of the study via the Statistical Package for Social Sciences (SPSS). A t-test is used to compare two population means where you have two samples in which observations in one sample can be paired with observations in the other sample. For the study, the financial performance indices which include; return on investment, return on asset and return on capital employed of privatized petroleum company will be paired against that of non-privatized petroleum companies.

Decision Rule

The null hypothesis is rejected if the p-value is less than 5% level of significance (i.e. t-calculated is greater than the t-value tabulated) and if otherwise we accept the null hypotheses.

4. Data Presentation, Analysis and Interpretation

4.1 Presentation of Data

Table 4.1.1: Financial Performance Indicators of Privatized and Non-Privatized Petroleum Companies in Nigeria (2008 - 2016).

	OANDO Plc (Privatized Companied)			Data for Total Oil Plc (Non-Privatized Companies)		
Years	ROI	ROA	ROCE	ROI	ROA	ROCE
2008	-0.12363	-0.01395	-0.04316	0.022153	0.048379	0.205396
2009	-1.88742	-0.10493	-0.25334	0.020797	0.046316	0.233951
2010	0.003577	0.002386	0.007333	0.025466	0.067177	0.328377
2011	0.018576	0.020942	0.081278	0.024374	0.061405	0.330902
2012	0.006651	0.008598	0.017874	0.025165	0.064939	0.190162
2013	0.044258	0.044364	0.077221	0.038951	0.09957	0.304431
2014	0.033513	0.044623	0.113768	0.025343	0.079837	0.383123
2015	0.027829	0.043595	0.086554	0.027757	0.105169	0.433406
2016	-	0.02988	0.03850	-	0.07159	0.301219

Source: Researcher's computation via Micro-soft Excel 2011

Table4.1.1 contains the performance indicators of OANDO Plc and Total Oil Plc. Indicators of two sampled quoted companies on Nigerian Stock Exchange adopted by the researcher in determining the impact of privatization on financial performance of privatized and non-privatized petroleum companies in Nigeria.

4.1.2 Answer to Research Questions

i. To what extent is the difference in the pre and post return on capital employed of the privatized petroleum company in Nigeria?

Table 4.1.2: Sample Mean and Standard Deviation of privatized petroleum company's return on capital employed(ROCE) (1989-2016).

Variables	$\bar{X}$ (N =12)	SD (σ)	Remarks
Pre-Return on Capital Employed	0.46875	0.240939	Mean Difference =
Post-Return on Capital Employed	0.03850	0.105146	-0.43025

Source: Researcher's computation using SPSS version23**.**

Table 4.1.2 shows the average of return on capital employed (ROCE) of Nigerian privatized petroleum company. ROCE in Table 4.1.2 shown negative mean difference in the value for the periods under study, this can be attributed to the difference in asset composition and capital component; the pre and post-ROCE petroleum companies had the mean values of 0.46875and 0.03850respectively; while the mean difference is -0.43025; Can we conclude that there is significant difference in pre and post financial performance of OANDO Plc. (formerly UNIPETROL)? This prompted us to test of hypothesis. **H_0:** The difference in the pre and post return on capital employed of the privatized petroleum company in Nigeria is not significant.

Table4.2.1: T-Test Comparison of pre and post return on capital employed for Privatized Petroleum Company in Nigeria (1989-2002).

t-test for Equality of Means	$\bar{X}$ (N =8)	SD (σ)	t(22)	Sig.	Decision
Return on Capital Employed	.430248	.056323	5.670	.000	**Accept H_a**

Source: Researcher's computation using SPSS version23**.**

Table 4.2.1 showed that a paired-samples t-test was conducted to compare privatized and non-privatized return on investment (ROI)of petroleum companies in Nigeria. There was significant difference in the mean values: (M=- .430248, SD=..056323); t (22) = 5.670, p =. .000). The result implies that style of ownership does have significant effect on return on capital employed (ROCE). Specifically, our result suggests that pre and post return on capital employed of petroleum company in Nigeria is not the same. We therefore accept the alternate hypothesis (H_a) and reject the null hypothesis (H_0) and concluded that there is significant difference between the pre and post return on capital employed (ROCE) of privatized petroleum company (OANDO Plc.) in Nigeria.

ii. What is the difference in the pre and post return on asset of the privatized petroleum company in Nigeria?

Table 4.1.3: Sample Mean and Standard Deviation of privatized petroleum company's return on asset (ROA)(1989-2016).

Variables	$\bar{X}$ (N =12)	SD (σ)	Remarks
Pre -Return on Assets	0.28617	.186780	Mean Difference =
Post-Return on Assets	0.02988	.056395	-0.25629

Source: Researcher's computation using SPSS version23**.**

Table 4.1.3 shows the average of return on asset (ROA) of Nigerian privatized petroleum company. ROA in Table 4.1.3 shown negative mean difference in the value for the periods under study, this can be attributed to the difference in asset composition and capital component; the pre and post return on asset of petroleum company had the mean values of 0.28617and 0.02988respectively; while the mean difference is -0.25629; Can we conclude that there is significant difference in OANDO Plc. profitability performance? This prompted us to test of hypothesis.

H_0: The difference in the pre and post return on asset of the privatized petroleum companies in Nigeria is not statistically significant.

Table4.2.2: T-Test Comparison of pre and post Return on asset for Privatized Petroleum Companies in Nigeria (1989-2002).

t-test for Equality of Means	$\bar{X}$ (N =8)	SD (σ)	t(14)	Sig.	Decision
Return on Investment	.256291	.056323	4.550	.000	**Accept H_a**

Source: Researcher's computation using SPSS version23**.**

Table 4.2.2 showed that a samples t-test was conducted to compare pre and post return on asset (ROA)of petroleum company in Nigeria. There was significant difference in the mean values: (M=- .256291, SD=.056323); t (22) = 4.550, p =.000). The result implies that style of ownership does not have significant effect on return on asset (ROA). Specifically, our result suggests that pre and post return on assert of petroleum company in Nigeria is not the same. We therefore accept the alternate hypothesis (H_a) and reject the null hypothesis (H_0) and concluded that there is significant difference between the value of return on asset (ROA) in pre and post petroleum company profitability in Nigeria.

iii. To what extent does the return on investment of the privatized company in the petroleum industry differ from the non-privatized company in Nigeria?

Table 4.1.4: Sample Mean and Standard Deviation of privatized and Non-privatized return on investment (ROI) of petroleum companies (2008-2015).

Variables	$\bar{X}$ (N =8)	SD (σ)	Remarks
Privatized-OANDO Plc	-.2345808	.66993305	Mean Difference =
Non-Privatized-TOTAL OIL PLC	.0262508	.00555802	-.26083150

Source: Researcher's computation using SPSS version23**.**

Table 4.1.4shows the average of return on investment (ROI) of Nigerian privatized and non-privatized petroleum companies. ROI in Table 4.1.4 shown negative mean difference in the value for the periods under study, this can be attributed to the difference in asset composition and capital component; the privatized and non-privatized petroleum companies had the mean values of -.2345808and .0262508respectively; while the mean difference is -.26083150; Can we conclude that there is significant difference in profitability performance? This prompted us to test of hypothesis. **H_0:** There is no statistically significant difference in the return on investment of the privatized and non-privatized petroleum companies in Nigeria.

Table4.2.3: T-Test Comparison of Return on Investment for Privatized and Non-Privatized Petroleum Companies in Nigeria (2008-2016).

Paired Samples Test/ Paired Differences	$\bar{X}$ (N =8)	SD (σ)	t(14)	Sig.	Decision
Return on Investment	-.26083150	.23686525	-1.101	.289	Accept H_0

Source: Researcher's computation using SPSS version23**.**

Table 4.2.3 showed that a paired-samples t-test was conducted to compare privatized and non-privatized return on investment (ROI)of petroleum companies in Nigeria. There was no significant difference in the mean values: (M=- -.26083150, SD=.23686525); t (14) = -1.101, p =. .289). The result implies that style of ownership does not have significant effect on return on investment (ROI). Specifically, our result suggests that when privatized and non-privatized return on investment of petroleum companies in Nigeria are the same. We therefore accept the null hypothesis (H_0) and reject the alternative hypothesis (H_a) and concluded that there is no significant difference between the value of return on investment (ROI) of privatized and non-privatized petroleum companies in Nigeria.

iv. How does the return on asset of the privatized company in the petroleum industry differ from the non-privatized company in Nigeria?

Table 4.1.5: ***Sample Mean and Standard Deviation of privatized and Non-privatized return on Asset (ROA) of petroleum companies (2008-2015).***

Variables	$\bar{x}$ (N=8)	SD (σ)	Remarks
OANDO Plc-Privatized	.0057035	.04974615	Mean Difference = -.06589550
TOTAL OIL PLC-Non-Privatized	.0715990	.02178929	

Source: Researcher's computation using SPSS version23.

Table 4.1.5showed the average of return on asset (ROA) of Nigerian privatized and non-privatized petroleum companies. ROA in Table 4.1.5 shown negative mean difference in the value for the periods under study, this can be attributed to the difference in asset composition and capital component; the privatized and non-privatized petroleum companies had positive mean values of .0057035and .0715990respectively; while the mean difference is -.06589550; Can we infer that there is no significant difference in return on asset performance ratios. This prompted us to test of hypothesis. H_0: There is no statistically significant difference in the return on asset of the privatized and non-privatized petroleum companies in Nigeria.

Table4.2.4: T-Test Comparison of Return on Asset means for privatized and non-privatized petroleum companies in Nigeria (2008-2016).

Paired Samples Test/ Paired Differences	$\bar{X}$ (N =8)	SD (σ)	t(14)	Sig.	Decision
Return on Asset-ROA	-.06589550	.01920108	-3.432	.004	Accept H_a

Source: Researcher's computation using SPSS version23**.**

Table 4.2.4 presented a paired-samples t-test conducted to compare privatized and non-privatized return on asset(ROA)of petroleum companies in Nigeria. There was significant difference in the mean values: (M=- -.06589550, SD=.01920108); t (14) = -3.432, p =.004). This result put forward that style of ownership do have significant effect on return on asset (ROA). Precisely, our results suggest that privatized and non-privatized return on asset (ROA)of petroleum companies in Nigeria are not the same. We therefore reject the null hypothesis (H_o) and accept the alternative hypothesis (H_a) and concluded that there is significant difference between the value of return on asset (ROA) of privatized and non-privatized petroleum companies in Nigeria.

v. To what extent does the return on capital employed of the privatized company in the petroleum industry differ from the non-privatized company in Nigeria?

Table 4.1.6: ***Sample Mean and Standard Deviation of privatized and Non-privatized return on capital employed (ROCE) of petroleum companies (2008-2015).***

Variables	$\bar{x}$ (N=8)	SD (σ)	Remarks
OANDO Plc-Privatized	8934.42	.11860107	Mean Difference = -
TOTAL OIL PLC-Non-Privatized	10315.58	.08606585	.29027750

Source: Researcher's computation using SPSS version23.

Table 4.1.6presented the mean values of return on capital employed (ROCE) of Nigerian privatized and non-privatised petroleum companies. ROCE in Table 4.1.6 showed negative mean difference in the value for the periods under study, this can be attributed to the difference in asset composition and capital component; the privatized and non-privatized petroleum companies had positive mean values of 8934.42and 10315.58respectively; while the mean difference is -.29027750; Can we surmise that there is significant difference in return on capital employed performance ratios. This impelled us to test of hypothesis. H_0: There is no statistically significant difference in the return on capital employed of the privatized and non-privatized petroleum companies in Nigeria.

Table4.2.5: T-Test Comparison of return on capital employed (ROCE) ***means of Nigerian Petroleum companies (2008-2016).***

Paired Samples Test/ Paired Differences	$\bar{X}$ (N=8)	SD (σ)	t(14)	Sig.	Decision
Return on Capital Employed	-.29027750	.05180920	-5.603	.000	Accept H_a

Source: Researcher's computation using SPSS version23**.**

Table 4.2.5 presented a paired-samples t-test conducted to compare privatized and non-privatized return on capital employed(ROCE)of petroleum companies in Nigeria. There was significant difference in the mean values: (M=-.29027750, SD=.05180920); t (14) =-5.603, p =.000). This result put forward that style of ownership do have significant effect on return on capital employed (ROCE). Indeed, our analysis suggests that privatized and non-privatised return on capital employed (ROCE) of petroleum companies in Nigeria are not the same. We therefore reject the null hypothesis (H_o) and accept the alternative hypothesis (H_a) and concluded that there is significant difference between the value of return on asset (ROA) of privatized and non-privatized petroleum companies in Nigeria.

4.3 Discussion of Findings

The findings from the study show that there is statistically significant difference in the pre and post return on asset (ROA) and return on capital employed (ROCE) of privatized petroleum company quoted on the Nigerian stock exchange. This finding is supported by studies of D'souza and Megginson (1999), Soyebo Olayiwola and Alayande (2001), and Adebanju and Olokoyo (2008). Ahmed (2014) conducted a similar study on Kenyan Airway and 3 found that privatization have a positive impact on the company in terms of the liquidity and liability ratios. This study equally examined the post-performance of privatized petroleum company and that of non-privatized petroleum company quoted on the Nigeria stock exchange. The findings from the study show mixed results: that there is no statistically significant difference in terms of return on investment (ROI) while there is significant difference for return on asset (ROA) and return on capital employed (ROCE). This finding is in line with Xiaxuan (2001) who examined the effect of privatization on industrial performance of Chinese. Companies and found that ownerships structure of stock company still have impact on efficiency. Salawu and Akinlo (2005) and Abdullahi, Abadullahi and Mohammed (2012) shared the same view.

5. Summary of Findings, Conclusions and Recommendations

5.1 Summary of Findings

Based on the analysis of the study, the followings major findings were drawn;

1. There is statistically significant difference in the pre and post return on capital employed of privatized petroleum companies in Nigeria.
2. There is statistically significant difference in the pre and post return on assets of privatized petroleum companies in Nigeria.
3. There is no statistically significant difference in the return on investment of the privatized and non-privatized petroleum companies in Nigeria.
4. There is statistically significant difference in the return on asset of the privatized and non-privatized petroleum companies in Nigeria.
5. There is statistically significant difference in the return on capital employed of the privatized and non-privatized petroleum companies in Nigeria.

5.2 Conclusion

The study therefore concludes in line with the findings of the research work that privatization has enhance the performance of OANDO Plc to compete among fellow petroleum companies since it privatization. The return on investment, return on asset and return on capital employed performance of OANDO Plc when compared with other petroleum companies in Nigeria which are being run as full private business enterprise is not statistically different. This therefore implies that privatization has helped to guaranty operational financial performance and operations of privatized petroleum company in Nigeria.

5.3 Implication of Findings

The implication of the findings of the study is that privatization of petroleum companies in Nigeria has enhanced the financial performance of the entities. Hence such exercise should be encouraged in future.

5.4 Recommendations

The researcher recommends based from the findings drawn from the study that:

1. Management of privatized public agencies should also ensure to enhance that investors return is guaranteed by buyers of public companies [most especially quoted companies] in order to discourage investors from withdrawing their capital for investment elsewhere and thus obviate the collapse of emerging entity.
2. Public enterprises in Nigeria should not be totally handed over to private investors without supervision and monitoring of its operational efficiency in terms of return on investment for a reasonable performance period so as to discourage sales of public entities to individuals (especially cronies of public officials and/or politicians) who are not interested in the operational efficiency of these entities.
3. Buyers of public enterprises should be encouraged to ensure the continuous maintenance and replacement of major capital assets acquired to facilitate efficient operations and effective service delivery. This is one way privatization can enhance growth and survival of the national economy.
4. Privatization enhances financial performance of the entities concerned and as such it should encourage. Government is advised to divest from running business enterprises.

5.5 Contribution to Knowledge

The study has been able to empirically ascertain that privatization has significantly enhanced the financial performance of OANDO plc when compared to the performance of Total oil petroleum companies in Nigeria business environment.

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APPENDIX I

List Of 14 Petroleum Companies Quoted on Nigeria Stock Exchange Showing Their Total Assets And Total Equity As At 2014

S/N	Name	Total Assets (N)	Total Equity	Ratio TA/TE
1	Beco Petroleum Plc	1717724196	816524935	2.10
2	ConoilPlc	87526687000	16096047000	5.44
3	Capital oil Plc	1699707593	822211656	2.07
4	Anino Int'l Plc	198224234	166593937	1.19
5	Japaul Oil Plc	38188346000	14043684000	2.72
6	Rak Unity Petroleum Plc	1185833000	380218000	3.12
7	Seplat Petroleum Development Cooperation Plc	2278104000	1346088000	1.69
8	Caverton	10033119000	8625825000	1.16
9	MRS Oil Plc	65694626000	19629147000	3.35
10	Forte Oil Plc	18566895000	8420172000	2.21
11	Eternal Oil Plc	139288298000	44334669000	3.14
12	**Total Oil Plc**	**95512428000**	**15930170000**	**6.00**
13	**OandoPlc**	**892353671000**	**43610771000**	**20.46**
14	Mobil Oil Plc	49226575000	13549450000	3.63

Source: http://www.africanfinancials.com/Report.aspx?afr_year

Appendix-II

OANDO Plc-1

YEARS	Equity SHARE (₦'000)	NON-Current LIABILITIES (₦'000)	TOTAL ASSET (₦'000)	TURNOVER (₦'000)	COST OF SALES (₦'000)	PROFIT (₦'000)	CAPITAL EMPLOYED(₦'000)
2016							
2015	50893926	254892832	946321309	161489950	106752639	-13197703	305786758
2014	43610771	326002160	892353671	92912344	49610781	-93636502	369612931
2013	162368077	28138686	585429217	449873466	390584435	1396926	190506763
2012	105354528	27353664	515063788	650565603	580664507	10786317	132708192
2011	92427781	100399597	400864761	586619034	518178147	3446643	192827378
2010	93049534	93102911	324022700	378925430	324797391	14374966	186152445
2009	52811724	35939060	226272417	336859678	301282506	10096979	88750784
2008	44878733	51515283	191383683	339420435	299810537	8343325	96394016

TOTAL OIL PLC-2

YEARS	EQUITY SHARE (₦'000)	NON-CURRENT LIABILITIES (₦'000)	TOTAL ASSET (₦'000)	TURNOVER (₦'000)	COST OF SALES (₦'000)	PROFIT (₦'000)	CAPITAL EMPLOYED (₦'000)
2016							
2015	16242481	3461135	83653377	208027688	182682250	4047051	19703616
2014	15930170	2978663	95512428	240618693	212714398	4423733	18908833
2013	13240785	3003042	79403587	238163160	209461533	5334094	16243827
2012	11301914	2813776	76067065	217843731	191632334	4670914	14115690
2011	10026215	10026215	58719810	173948954	151529623	3813202	20052430
2010	8929188	8929188	54601360	160604104	139576922	5436638	17858376
2009	6983000	3374000	49701000	178570000	156571000	3968000	10357000
2008	7269000	2867000	41771000	177412000	158265000	4393000	10136000

Financial Performance Data of Selected Privatized And Non –Privatized Petroleum Company Quoted On The Nigeria Stock Exchange

Source: culled from Annual reports and accounts of respective companies retrieved from http//www.african financials.com/report aspx?afri year on 5th feb. 2017.

Appendix-II cont'd

Financial Performance Data Of Selected (Oado Plc) Privatized Petroleum Company Quoted On The Nigeria Stock Exchange (Oando Plc1989-2002).

Years	Total Assets#'000	Capital employed #'000	Equity #'000	PBIT#'000	PAT#'000
1989	124375	124375	40000	30161	21909
1990	162867	162867	40000	37453	33762
1991	199229	199229	40000	54734	40093
1992	199613	199613	50000	108758	89317
1993	258960	258960	50000	150451	119913
1994	545524	545524	159074	490248	315990
1995	1355071	1355071	159074	972150	750666
1998	1598393	1051825	174699	432042	318949
1999	1809260	1378144	174699	725881	560694
2000	2223665	1577978	174699	1199127	528147
2001	6759604	4722983	174699	1385406	375444
2002	23405375	14282769	1417681	2049806	59960

Source: Nigerian Stock Exchange Fact Book 1989-2002.

FINANCIAL PERFORMANCE INDICATORS OF PETROLEUM COMPANY QUOTED ON THE NIGERIA STOCK EXCHANGE

OANDO Plc			
YEARS	ROI	ROA	ROCE
2016		0.02988	0.03850
2015	-0.12363	-0.01395	-0.04316
2014	-1.88742	-0.10493	-0.25334
2013	0.003577	0.002386	0.007333
2012	0.018576	0.020942	0.081278
2011	0.006651	0.008598	0.017874
2010	0.044258	0.044364	0.077221
2009	0.033513	0.044623	0.113768
2008	0.027829	0.043595	0.086554
2007		0.085	0.101
2006		0.113	0.136
2005		0.085	0.099
TOTAL OIL PLC			
YEARS	ROI	ROA	ROCE
2015	0.022153	0.048379	0.205396
2014	0.020797	0.046316	0.233951
2013	0.025466	0.067177	0.328377
2012	0.024374	0.061405	0.330902
2011	0.025165	0.064939	0.190162
2010	0.038951	0.09957	0.304431
2009	0.025343	0.079837	0.383123
2008	0.027757	0.105169	0.433406

Source: Computed from the data gathered in the course of field work

Appendix-II cont'd

OANDO Plc 1989-2002

Years	ROA	ROCE	ROE
1989	0.176	0.243	0.548
1990	0.207	0.230	0.844
1991	0.201	0.275	1.002
1992	0.447	0.545	1.786
1993	0.463	0.581	2.398
1994	0.579	0.899	1.986
1995	0.554	0.717	4.719
1998	0.200	0.411	1.826
1999	0.310	0.527	3.209
2000	0.238	0.760	3.023
2001	0.056	0.293	2.149
2002	0.003	0.144	0.042

Source: Computed by research from the data gathered in course of fieldwork

APPENDIX II

Data Analysis Output from Statistical Package for Social Science Students (SPSS) Version-23.

T-Test

Notes		
Output Created		19-JUL-2017 09:14:01
Comments		
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	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	16
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST GROUPS=Types(1 2) /MISSING=ANALYSIS /VARIABLES=CAMR ROI ROA ROCE /CRITERIA=CI(.95).
Resources	Processor Time	00:00:00.03
	Elapsed Time	00:00:00.09

[DataSet1] C:\Users\NWOKOCHA\Downloads\ACCOUNTANCY DEPT\MSC & PHD THESIS\Untitled SanniProject.sa

Group Statistics

	Types of Organisation	N	Mean	Std. Deviation	Std. Error Mean
Return on Assets	Pre-Privatisation	12	.28617	.186780	.053919
	Post-Privatisation	12	.02988	.056395	.016280
Return on Capital Employed	Pre-Privatisation	12	.46875	.240939	.069553
	Post-Privatisation	12	.03850	.105146	.030353

Pre and Post	Independent Samples Test				
	t-test for Equality of Means				
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return on Assets	4.550	22	.000	.256291	.056323

Return on Capital Employed	5.670	22	.000	.430248	.075888

Group Statistics

	Name of Petroleum Companies	N	Mean	Std. Deviation	Std. Error Mean
ROI	OANDO Plc	8	-.2345808	.66993305	.23685710
	TOTAL OIL PLC	8	.0262508	.00555802	.00196506
ROA	OANDO Plc	8	.0057035	.04974615	.01758792
	TOTAL OIL PLC	8	.0715990	.02178929	.00770368
ROCE	OANDO Plc	8	.0109410	.11860107	.04193181
	TOTAL OIL PLC	8	.3012185	.08606585	.03042887

Independent Samples Test		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	df
ROI	Equal variances assumed	5.292	.037	-1.101	14
	Equal variances not assumed			-1.101	7.001
ROA	Equal variances assumed	1.535	.236	-3.432	14
	Equal variances not assumed			-3.432	9.591
ROCE	Equal variances assumed	.132	.722	-5.603	14
	Equal variances not assumed			-5.603	12.772

t-test for Equality of Means					
		Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
					Lower
ROI	Equal variances assumed	.289	-.26083150	.23686525	-.76885694
	Equal variances not assumed	.307	-.26083150	.23686525	-.82091319
ROA	Equal variances assumed	.004	-.06589550	.01920108	-.10707773
	Equal variances not assumed	.007	-.06589550	.01920108	-.10892704
ROCE	Equal variances assumed	.000	-.29027750	.05180920	-.40139718
	Equal variances not assumed	.000	-.29027750	.05180920	-.40240805

Independent Samples Test

		t-test for Equality of Means
		95% Confidence Interval of the Difference
		Upper
CAMR	Equal variances assumed	.10245640
	Equal variances not assumed	.10891364
ROI	Equal variances assumed	.24719394
	Equal variances not assumed	.29925019
ROA	Equal variances assumed	-.02471327
	Equal variances not assumed	-.02286396
ROCE	Equal variances assumed	-.17915782
	Equal variances not assumed	-.17814695

APPENDIX III

Oando

OANDO PLC is one of Africa's largest integrated energy solutions providers with a proud heritage. It has a primary listing on the Nigerian Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. It all started in 1956 when ESSO commenced business operations in Nigeria as a petroleum marketingcompany.1976 saw The government of Nigeria buying ESSO and renaming it UNIPETROL. By 1991 UNIPETROL went public with 60% of the shares going to investors.1994 saw Ocean And Oil Holdings being founded to supply and trade petroleum products in Nigeria and worldwide. In 2002,Ocean and Oil Holdings acquired 60% shares of AGIPNIGERIA PLC and by 2003 UNIPETROL NIGERIA PLC merged with AGIP NIGERIA PLC to give birth to OANDO. Over the years, Oando Plc has made a significant impact in the oil and gas industry especially in the down stream sector and has grown from one entity to seven that are now leaders in their different markets namely Oando Marketing, Oando Supply and Trading, Oando Gas and Power, Oando Energy Services, Oando Exploration and Production and Oando Terminalling.

Oando now sells and distributes one in every five litres of petroleum in Nigeria via over 500 retail outlets, and has operations across West Africa – Ghana, Togo, and the Republic of Benin. In a bid to improve the overall efficiency of the industry and to lower product cost for the consumer, Oando is poised to construct the largest products terminal insub-Saharan Africa in the Lekki free zone and an offshore sub-marine pipeline delivery system in Apapa. Oando is regarded as Africa's largest independent and privately-owned oil trading company involved in the large scale export and import of a broad range of refined petroleum products and crude oil throughout Africa, Europe, Asia and the Americas, with a track record of 100% delivery on its supply contracts. Oando Gas & Power is a pioneer in fields of private sector pipeline network construction and the distribution of natural gas to industrial and commercial consumers. With 100km of pipeline already built in Lagos and another128km in progress in AkwaIbom/Cross River States. The Company is building sub-Saharan Africa's largest gas pipeline network. With its foray into power business, the company is poised to contribute several captive power plants to the Nigerian and sub- regional markets. Oando is also Nigeria's foremost indigenous oilfield services company providing products and services to major upstream companies operating in Nigeria. As the largest swamp rig fleet operator, Oando Energy Services has been natural partner to national and multinational oil companies The company is also a leader in exploration and production with 11 oil and gas assets, It is the first indigenous company with a participating interest in a deep offshore oil producing asset.

A Greenfield Refinery development in Lagos completes the imprints of OANDO across the energy value chain in Nigeria. The head office is located at 2, Ajose Adeogun Street, Victoria Island Lagos. http://www.projectlightupnigeria.com/corporate-nigeria/oando.html