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A PHILOSOPHICAL CRITIQUE OF ETHICAL FAILURE AND GOVERNANCE DEFICITS IN NIGERIA'S NATIONAL OIL COMPANY (NNPC LIMITED)

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Abstract

Corruption and mismanagement of resources have been perennial problems of NNPCL. Given this realisation, this paper investigated the underlying factors that catalyse these tendencies. Using the method of philosophical analysis, this paper offers a critique of the ethical failure and governance deficits within Nigeria's National Petroleum Company Limited (NNPCL). Drawing on corporate governance theories (particularly agency, stakeholder, and stewardship theories), the study argues that persistent governance deficit and ethical challenges at NNPCL are not merely managerial lapses or regulatory inefficiencies, but manifestations of institutional ethical failure arising from its hybrid role as both a commercial enterprise and a public trustee. The analysis situates NNPCL within debates on corporate moral agency, diffused responsibility, and public accountability in state-owned enterprises (SOEs). It demonstrates how opacity, political interference, and weakened fiduciary obligations structurally undermine ethical governance, normalising misconduct and eroding public trust. Furthermore, the paper engages normative questions of responsibility, distinguishing between individual culpability and collective institutional blameworthiness. In addressing these challenges, it integrates African communitarian perspectives, particularly Gyekye's relational ethics and Asouzu's *Ibuanyidanda* philosophy, to propose a governance framework that foregrounds public stewardship, relational responsibility, and institutional integrity. The study concludes that meaningful reform requires not only procedural and legal adjustments but also the deliberate cultivation of an ethical institutional culture capable of sustaining legitimacy, trust, and moral accountability in Nigeria's oil sector.

Keywords: Corporate Governance, Enterprise, Ethical Failure, Governance Deficit, Institutional Failure, Stewardship.

Introduction

Corporate governance is often discussed in managerial and legal terms focusing on efficiency, performance, and regulatory compliance. Yet such an approach risks overlooking the fundamentally moral character of governance particularly in institutions whose operations bear directly on public welfare. Corporate governance structures determine not only how decisions are made but also how responsibility is distributed, how power is constrained, and how trust is either sustained or eroded. When governance fails, the failure is not merely technical; it is ethical, implicating questions of responsibility, legitimacy, and justice (Boatright, 2018). These ethical concerns become especially acute in the case of state-owned enterprises (SOEs). Unlike private corporations, SOEs operate at the intersection of commercial activity and public authority. They are expected to pursue efficiency and profitability while simultaneously acting as custodians of public resources and agents of national development. This dual role creates persistent moral tension since commercial rationality may conflict with public accountability, and political influence may undermine fiduciary responsibility. This is incumbent on the fact that conventional models of corporate governance developed primarily for private firms are often ill-suited to capture the ethical complexity of SOEs (OECD, 2015).

Nigeria's National Petroleum Company Limited (NNPCL) presents a paradigmatic case of this ethical tension. Following its incorporation under the Petroleum Industry Act (PIA) of 2021, NNPCL was formally transformed from a statutory corporation into a limited liability company, ostensibly to enhance efficiency, transparency, and accountability (FGN, PIA, 2021). Yet the persistence of governance controversies surrounding the company suggests that structural transformation alone is insufficient to resolve deeper institutional and moral problems. The challenge, therefore, is not simply whether NNPCL complies with formal governance codes, but whether its institutional design and operational culture satisfy the ethical requirements appropriate to an entity entrusted with managing a nation's most significant public resource. This paper argues that the governance deficits associated with NNPCL are best understood not as isolated managerial failures or regulatory gaps, but as manifestations of institutional ethical failure. Drawing on corporate governance theories (particularly agency theory, stakeholder theory, and stewardship theory), the paper examines how responsibility becomes diffused within hybrid public–commercial institutions, enabling opacity, moral hazard, and the erosion of public trust. In doing so, the study situates NNPCL within broader philosophical debates about corporate moral agency, collective responsibility, and the ethical obligations of public institutions. The central claim advanced here is that NNPCL's governance challenges reflect a deeper normative problem, which is, the absence of an ethically coherent model of corporate governance appropriate to state-owned enterprises operating in fragile accountability environments.

Conceptual and Normative Concerns

Corporate Governance Beyond Managerial Control: Corporate governance is commonly defined in terms of structures and processes through which corporations are directed and controlled. In much of the maintream literatures, governance is treated instrumentally as a mechanism for aligning managerial behaviour with shareholder interests, reducing agency costs, and improving organisational performance (Jensen & Meckling, 1976). The authors articulated in their foundational work on agency theory that "The problem here is how to get managers to act in the shareholders' interest. ... It is the existence of agency costs which gives rise to the necessity for monitoring and bonding activities designed to reduce these

costs. ... Agency costs are as real as any other costs" (pp. 308, 312, 357). While such accounts are analytically useful, they are normatively thin. They presuppose that the primary purpose of governance is efficiency and value maximisation; leaving largely unexamined the ethical dimensions of power, responsibility, and legitimacy embedded within governance arrangements. This instrumental focus risks reducing governance to a mere technical exercise, overlooking how it shapes broader social relations and public welfare.

From a philosophical perspective, corporate governance should instead be understood as an ethical architecture: a system of norms, roles, and accountability relations that shapes how decisions affecting others are made and justified. Governance structures allocate authority, define obligations, and determine whose interests count and whose can be marginalised. As such, governance is inseparable from moral evaluation. A governance system may be procedurally sound yet ethically deficient if it systematically obscures responsibility, entrenches injustice, or permits harm without accountability (Crane et al., 2019). Crane et al (2019) emphasised this point when they argue that ethical business conduct requires scrutinising not only outcomes but the underlying assumptions of power and justice in organisational design. This broader conception is particularly important for institutions whose operations have significant social and political consequences. In such contexts, governance cannot be reduced to internal corporate compliance or board effectiveness; it must be assessed in light of its impact on public trust, distributive justice, and institutional integrity. The ethical evaluation of governance thus requires moving beyond formal rules to interrogate the moral assumptions underlying institutional design. This involves recognising that governance arrangements embodies normative choices about who bears risks, who benefits from decisions, and how conflicts between private interests and public goods are resolved. In essence, effective governance in ethically charged domains demand a commitment to principles that transcend mere efficiency, incorporating considerations of fairness, transparency, and long-term societal well-being.

Corporations and the Question of Moral Agency

A central philosophical issue in evaluating corporate governance is whether corporations themselves can be regarded as moral agents. Traditional moral philosophy tends to treat agency as an attribute of individuals, grounded in intentionality, rational deliberation, and the capacity for moral judgment. Corporations, by contrast, are artificial entities composed of many individuals, raising doubts about whether they can meaningfully bear moral responsibility. Despite these concerns, several scholars have argued persuasively that corporations can function as collective moral agents. Peter French (1984), for example, contends that corporations possess internal decision-making structures (what he terms "corporate internal decision (CID) structures") that allow them to form intentions and act upon reasons in ways that are not reducible to the intentions of individual members. In a detailed exposition, French (1984) explains:

> A Corporation's Internal Decision (CID) Structure ... comprises two elements ... (1) an organizational or responsibility flow chart that delineates stations and levels within the corporate power structure and (2) corporate decision recognition rule(s) ... usually embedded in something like corporation policy. ... When these two elements ... are in place in a corporation they constitute a license for treating the corporation ... as an intentional actor capable of being morally responsible for its actions (pp. 41-46).

When harm results from actions produced by such structures, responsibility cannot be exhaustively assigned to particular individuals; it attaches to the organisation as an institution. This perspective challenges methodological individualism, which views corporations merely as aggregates of human actors, and instead posits that organisational processes can generate genuine corporate intentionality. This view has been further developed by scholars who argue that institutions can bear responsibilities precisely because they structure individual behaviour and constrain available choices. Erskine (2003), for instance, extends this to institutional moral agency more broadly, noting that institutions shape moral possibilities through their decision, procedures and cultural norms. On this account, moral responsibility arises not only from individual wrongdoing but also from the predictable and systematic outcomes of institutional arrangements. If an organisation's governance framework consistently enables opacity, irresponsibility, or abuse, then the institution itself is morally implicated, even when individual actors operate within formal rules. This collective dimension underscores the need for governance designs that foster ethical deliberation at the organisational level, rather than relying solely on individual virtue.

Responsibility, Accountability, and Institutional Failure

Understanding corporate governance as an ethical architecture brings into focus the distinction between responsibility and accountability. Responsibility concerns moral authorship (who ought to answer for outcomes) whereas accountability concerns the mechanisms through which actors are called to justify their conduct and bear consequences. In complex organisations, these two dimensions frequently diverge. Responsibility may be widely diffused, while accountability remains weak or symbolic (Hood, 2011). This divergence is especially pronounced in state-owned enterprises, where overlapping lines of authority, political influence, and bureaucratic insulation obscure moral authorship. Bovens (1998) describes this phenomenon as the "problem of many hands," in which harmful outcomes result from collective action, yet no single actor can be clearly identified as responsible. Bovens (1998) elaborates extensively on the implications, thus:

> Because many different individuals contribute in many different ways to decisions and policies of organisations, it is often very difficult, if not impossible, to identify who is morally responsible for political outcomes. ... The problem of many hands occurs when the combined contributions of a number of identifiable individuals to a process produce a morally objectionable outcome, but none of the individuals involved can reasonably be said to have caused the outcome in a morally relevant sense (pp. 45, 50).

Under such conditions, governance failure becomes normalised not because actors are unaware of ethical standards, but because institutional structures systematically undermine effective accountability. Hood (2011) complements this by examining blame avoidance strategies in public organisations, where diffused responsibility facilitates the evasion of consequences. From a normative standpoint, such arrangements constitute a form of institutional ethical failure. They erode the conditions under which moral responsibility can be meaningfully exercised and assessed. Where governance structures routinely prevent the attribution of responsibility, they fail not only administratively but morally. This insight is crucial for evaluating entities like NNPCL, whose hybrid public-commercial identity exacerbates responsibility diffusion and weakens ethical constraints. In such cases, reform must address not only individual conduct but the structural features that enable moral hazards to persist unchecked.

Implications for the Evaluation of State-Owned Enterprises (SOEs)

The conceptual analysis developed in this section suggests that the ethical evaluation of SOEs like NNPCL requires a distinct normative framework. Unlike private firms, SOEs are embedded in public authority and derive their legitimacy from their role as stewards of collective resources. Their governance structures must therefore satisfy higher ethical standards of transparency, responsibility, and public justification. The OECD (2015) emphasises this distinction, noting that:

> State-owned enterprises (SOEs) often pursue multiple and sometimes conflicting objectives, including public policy objectives that may not be aligned with commercial interests. ... Good corporate governance of SOEs is crucial for ensuring that they operate efficiently, transparently and accountably, while contributing to sustainable development and economic resilience (pp. 11-13).

Assessing SOEs solely through the lens of efficiency or profitability risks obscuring these ethical obligations. A philosophically informed approach to corporate governance instead asks whether institutional arrangements enable or undermine moral responsibility, whether they respect public trust, and whether they contribute to or erode the ethical legitimacy of state power. These considerations provide the normative foundation for the subsequent analysis of NNPCL's governance deficits. By integrating insights from agency theory, collective moral agency, and accountability challenges, this framework highlights the need for governance models that prioritise ethical coherence in hybrid institutions operating amid fragile accountability environments.

Theoretical Foundations

Agency Theory and the Problem of Moral Hazard: Agency theory remains one of the most influential frameworks in corporate governance scholarship. At its core, it conceptualises the firm as a nexus of contracts in which principals (owners) delegate authority to agents (managers), whose interests may diverge from those of the principals. Governance mechanisms (such as boards, incentives, and monitoring) are therefore designed to minimise agency costs arising from opportunism, information asymmetry, and moral hazard. Jensen and Meckling (1976) capture this tension succinctly:

> An agency relationship is a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interests of the principal (p. 308).

While agency theory offers valuable insights into control and accountability, its ethical limitations are particularly evident in the context of state-owned enterprises. The theory presupposes a relatively clear identification of principals and agents. In private corporations, shareholders typically occupy the role of principals. In SOEs, however, the identity of the principal is deeply ambiguous. The state, political office-holders, citizens, and even future generations may all plausibly claim principal status. This multiplicity undermines the central assumption of agency theory and generates what may be described as normative indeterminacy (Bovens, 1998). This ambiguity not only complicates oversight but also creates opportunities for agents to prioritise short-term selfish political objectives over long-

term public benefit, thereby entrenching moral hazard at an institutional level. From a moral standpoint, this indeterminacy facilitates responsibility diffusion. When no single principal can effectively exercise oversight, agents are shielded from robust accountability. Moral hazard becomes institutionalised rather than exceptional. Managers may act in ways that serve political, personal, or sectional interests without clear mechanisms for ethical sanction. Under such conditions, agency theory not only fails to resolve ethical failure but risks legitimising governance arrangements that obscure moral responsibility behind contractual abstractions (Boatright, 2018). The result is a governance framework that, while analytically elegant, proves ethically inadequate for institutions charged with stewarding public resources.

Stakeholder Theory and the Ethics of Public Harm

Stakeholder theory emerged partly as a response to the moral narrowness of shareholder-centric models of governance. It argues that corporations have ethical obligations to all parties affected by their activities, including employees, consumers, communities, and society at large (Freeman, 1984). Freeman (2010) explains that "The stakeholder approach begins with the assumption that values are necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance" (p. 24). This framework is especially relevant to SOEs, whose operations directly affect public welfare and national development, like NNPCL. In the context of a national oil company, stakeholders extend beyond immediate economic actors to include host communities, environmentally vulnerable populations, and citizens whose livelihoods depend on the equitable management of natural resources. Stakeholder theory thus provides a richer ethical vocabulary for evaluating governance failures that manifest as environmental degradation, distributive injustice, or intergenerational harm (Crane et al., 2019). Given the recognition of these broader impacts, the theory invites a more comprehensive assessment of how governance decisions ripple through society, often perpetuating harm to marginalised groups.

However, stakeholder theory also faces significant normative challenges. Critics argue that expanding the range of stakeholders without clear priority rules can dilute responsibility and weaken accountability. When an institution claims to serve everyone, it may in practice be answerable to no one (Sternberg, 2000). Sternberg (2000) warns that vague stakeholder obligations can undermine the definable telos of business, leading to arbitrary decision-making. For SOEs operating within weak institutional environments, stakeholder rhetoric can become a moral facade that masks entrenched governance abuses. The ethical promise of stakeholder theory is therefore realised only when accompanied by institutional mechanisms capable of translating moral obligation into enforceable responsibility. Without such safeguards, the theory risks becoming aspirational rather than operational especially in contexts where power imbalances already favour elite capture.

Stewardship Theory and Fiduciary Ethics in Public Institutions

Stewardship theory offers a more normatively robust framework for evaluating governance in state-owned enterprises (SOEs). In contrast to agency theory's assumption of self-interested agents, stewardship theory emphasises trust, duty, and intrinsic motivation. Managers are conceived not merely as agents pursuing private gain but as stewards entrusted with the care of collective resources. Davis et al (1997) elaborate this alternative model:

Recent thinking about top management has been influenced by alternative models of man. Economic approaches to governance such as agency theory tend to assume some form of homo economicus, which depict subordinates as individualistic, opportunistic, and self-serving. Alternatively, sociological and psychological approaches to governance such as stewardship theory depict subordinates as collectivists, pro-organizational, and trustworthy (pp. 20-21).

This conception aligns closely with the ethical expectations placed upon public institutions. In SOEs, managerial authority is not simply delegated for efficiency; it is conferred as a form of public trust. The moral failure of such institutions, therefore, cannot be adequately captured by metrics of performance alone. It involves a breach of fiduciary duty and a violation of the ethical norms governing public office (O'Neill, 2002). This fiduciary perspective demands that stewards prioritise the long-term sustainability of resources over immediate gains, recognising that their role carries inherent moral weight derived from public mandate. Philosophically, stewardship theory resonates with broader traditions of moral thought that emphasise responsibility tied to role occupancy. To hold an office is to assume obligations that are not reducible to contractual terms. When stewards exploit institutional ambiguity for private or political ends, the resulting failure is not accidental but ethical. This framework is particularly valuable for assessing NNPCL whose legitimacy depends less on profit generation than on the integrity with which it manages Nigeria's petroleum resources. Since it fosters intrinsic motivation and trust-based relationships, stewardship theory offers a pathway toward governance that honours public fiduciary ethics rather than merely mitigating opportunism.

Institutional Ethics and Structural Failure

While agency, stakeholder, and stewardship theories illuminate different dimensions of governance, none alone fully captures the ethical dynamics of large, complex organisations. Institutional ethics provides a complementary perspective by focusing on how organisational structures, norms, and incentives systematically shape behaviour. On this view, ethical failure often arises not from individual vice but from institutional arrangements that normalise wrongdoing or render moral action costly (Hood, 2011). Young's (2011) account of structural injustice is particularly instructive here. She argues that individuals may participate in processes that produce unjust outcomes without possessing malicious intent or direct control. Responsibility, in such cases, is political and collective rather than purely individual. Young develops this in depth, noting that:

> Structural injustice exists when social processes put large categories of persons under systematic threat of domination or deprivation of the means to develop and exercise their capacities, at the same time as these processes enable others to dominate or to have a wide range of opportunities for developing and exercising capacities. ... Structural injustice, then, is a kind of moral wrong distinct from the wrongful action of an individual agent or the repressive policies of a state (pp. 52, 60).

Relative to corporate governance, this insight shifts attention from isolated misconduct to the moral quality of institutional design. In SOEs, structural features (such as politicised appointments or opaque reporting lines) can perpetuate injustice even as individual actors comply with formal rules. This perspective has significant implications for evaluating SOEs. If

governance structures predictably generate opacity, irresponsibility, or abuse, then ethical failure is systemic. Reform, therefore, requires more than replacing personnel or strengthening compliance rules; it demands a reconfiguration of the moral architecture of governance itself. This institutional-ethical lens provides the normative foundation for the subsequent examination of NNPCL's governance deficits, highlighting how entrenched structures can sustain ethical deficits across regimes and administrations.

NNPCL as a Hybrid Institution: Structure and Ethical Tensions

From NNPC to NNPCL: Institutional Transformation under the PIA

Nigeria's National Petroleum Company Limited (NNPCL) emerged from a significant institutional reconfiguration following the enactment of the Petroleum Industry Act (PIA) in 2021. The Act transformed the former Nigerian National Petroleum Corporation (NNPC), a statutory body, into a limited liability company governed by the Companies and Allied Matters Act (FGN, PIA, 2021). This transition was intended to insulate petroleum operations from political interference, promote commercial efficiency, and enhance transparency and accountability. As the PIA explicitly provides in its governance provisions, "The objective of the Company is to carry out its operations on a commercial basis without reliance on government funds and to maximise value for shareholders in a manner comparable to private companies in the oil and gas industry" (FGN, PIA, sec. 64(a)-(b)). From a governance perspective, incorporation marked a formal shift from bureaucratic administration to corporate management. In principle, this transformation aligns NNPCL with global trends in the reform of national oil companies, many of which have sought to balance state ownership with commercial discipline (Tordo et al., 2011). However, philosophical rationalism requires asking not only whether the new structure is legally coherent, but whether it is ethically coherent. Institutional form does not automatically resolve moral problems embedded in organisational culture, incentive structures, or accountability relationships. The persistence of governance concerns following incorporation suggests that structural reform, while necessary, is insufficient. The ethical question is whether NNPCL's governance framework adequately reconciles its commercial objectives with its continuing public responsibilities, or whether it merely redescribes old institutional tensions in corporate language. This tension underscores the need for a normative framework that addresses not merely procedural changes but also the deeper moral obligations of entities managing collective resources.

The Hybrid Identity Problem: Commercial Logic versus Public Trust

At the core of NNPCL's governance challenges lies its hybrid institutional identity. On the one hand, NNPCL is expected to operate as a commercially viable enterprise, competing in global energy markets and generating revenue. On the other hand, it remains wholly owned by the Nigerian state and is entrusted with managing resources that are constitutionally regarded as belonging to the Nigerian people. This dual mandate generates a persistent ethical tension. Commercial logic prioritises efficiency, competitiveness, and profit maximisation, while public trust demands transparency, equity, and responsiveness to citizens' interests. When these logics collide, governance ambiguity arises. Decisions may be justified as commercially sensitive to avoid disclosure, or as politically constrained to excuse inefficiency. In such contexts, ethical responsibility risks being displaced rather than resolved. Philosophically, this tension reflects what may be described as a category error in governance design which implies the assumption that a corporate form can seamlessly absorb public fiduciary obligations without a corresponding ethical framework. Without

explicit moral prioritisation, hybridity becomes a source of normative confusion rather than institutional strength. O'Neill (2002) rightly observes in her discussion of trust in public institutions that "Trust is placed in institutions when we rely on their good judgement and good faith, but also when we expect them to meet standards of accountability that are not merely procedural but substantive, ensuring that public resources serve public ends" (p. 76).

Political Influence and Responsibility Diffusion

Another defining feature of hybrid SOEs (NNPCL in this case) is their exposure to political influence. Even where formal incorporation aims to reduce state interference, informal political pressures often persist through appointments, policy directives, and fiscal expectations (Khan, 2010). Such influence does not necessarily involve illegality; rather, it operates through structurally embedded expectations that blur the boundaries between political authority and corporate governance. In the Nigerian context, this dynamic is compounded by historical patterns of clientelism and rent distribution. From an ethical standpoint, political influence contributes to responsibility diffusion. When outcomes are shaped by overlapping actors (corporate managers, government officials, regulators, and political principals) it becomes difficult to attribute moral authorship. This reinforces the "problem of many hands," in which accountability is fragmented and ethical failure becomes systemic rather than episodic (Bovens, 1998). Crucially, responsibility diffusion does not imply the absence of moral responsibility. Rather, it signals an institutional failure to create conditions under which responsibility can be clearly assigned and ethically assessed. Governance structures that tolerate or normalise such diffusion undermine the moral legitimacy of the institution, regardless of formal compliance with legal standards. In hybrid SOEs like the NNPCl, this erosion of legitimacy manifests in diminished public trust and recurrent calls for reform.

Transparency, Opacity, and Ethical Legitimacy

Transparency occupies a central place in the ethical evaluation of public institutions. While complete openness may be impractical in commercially competitive environments, persistent opacity in entities managing public resources raises serious moral concerns. Transparency is not merely an administrative virtue; it is a condition for public justification and democratic accountability. Rawls (1993) emphasises this in his account of public reason, suggesting that "The idea of public reason specifies at the deepest level the basic moral and political values that are to determine a constitutional democratic government's relation to its citizens and their relation to one another. ... It is the duty of citizens and officials to justify their political decisions by reference to these shared values" (pp. 217, 220).

In hybrid institutions like NNPCL, appeals to commercial confidentiality can conflict with citizens' legitimate demand for information. When such conflicts are resolved systematically in favour of opacity, governance legitimacy is weakened. Ethical governance requires not absolute disclosure, but principled clarity about what must be disclosed, to whom, and on what moral grounds. From a philosophical perspective, opacity becomes ethically problematic when it shields decision-making from public scrutiny in ways that prevent meaningful accountability. In such cases, governance failure manifests not as the violation of explicit rules, but as the erosion of the moral relationship between institution and public. This erosion is central to understanding the ethical deficits that continue to characterise governance debates surrounding NNPCL, where public demands for accountability often confront claims of commercial necessity. Note that the analysis in this section does not presuppose bad faith or individual misconduct. Rather, it treats NNPCL as a

case of institutional ethical tension, where structural hybridity, political embeddedness, and weak accountability mechanisms interact to produce persistent governance challenges. This framing avoids reductionist explanations and allows for a more philosophically robust critique.

Ethical Failure and Governance Deficits in NNPCL

Ethical Failure as Institutional, Not Episodic: Ethical failure in complex organisations is often mischaracterised as a sequence of discrete incidents attributable to individual wrongdoing. Such an approach, while administratively convenient, obscures the deeper moral dynamics at work within institutions whose structures systematically shape behaviour. From a philosophical standpoint, ethical failure is better understood as institutional when it arises predictably from governance arrangements that diffuse responsibility, weaken accountability, and normalise opacity (Hood, 2011). In the case of NNPCL, the persistence of governance controversies despite formal restructuring suggests that ethical deficits cannot be adequately explained as episodic lapses. Rather, they point to enduring institutional conditions that undermine ethical responsibility. When governance frameworks repeatedly fail to generate clarity about who is answerable for decisions affecting public resources, moral failure becomes structural. This form of failure is especially troubling in SOEs where the moral stakes extend beyond organisational performance to public trust and distributive justice. As Hood (2011) notes in his examination of blame avoidance in public systems, institutional designs often facilitate the displacement of responsibility, allowing systemic issues to persist unchecked.

Opacity and the Moral Limits of Commercial Confidentiality

One of the most significant governance challenges facing hybrid SOEs is the ethical tension between commercial confidentiality and public accountability. While competitive markets may justify certain forms of nondisclosure, institutions entrusted with public resources bear a heightened obligation to justify secrecy on moral grounds. Opacity becomes ethically problematic when it prevents stakeholders, particularly citizens, from assessing whether power is being exercised responsibly (OECD, 2024). This situation captures almost perfectly the ethical pitfalls of NNPCL. From a normative perspective, transparency is not merely an administrative virtue but a condition of public reason-giving. O'Neill (2002) argues that accountability requires more than information disclosure; it requires intelligible justification addressed to those affected by institutional decisions. When governance structures privilege confidentiality without corresponding mechanisms for public justification, they erode the ethical legitimacy of institutional authority. Applied to NNPCL, this insight suggests that governance deficits are not reducible to technical reporting gaps. They reflect a deeper ethical failure to sustain the moral relationship between the institution and the public it serves. Where opacity becomes routine rather than exceptional, governance loses its justificatory force, particularly in contexts where historical secrecy has compounded resource curse dynamics.

Responsibility Diffusion and Institutional Blameworthiness

A defining feature of ethical failure in large public institutions is the diffusion of responsibility across multiple actors and layers of authority. Decisions are shaped by boards, executives, ministries, regulators, and political principals, creating an environment in which no single agent appears fully responsible for outcomes. This diffusion does not eliminate moral responsibility; instead, it transforms it into a collective problem (Bovens, 1998).

Scholars of institutional ethics argue that when harmful or unjust outcomes are produced through normal organisational functioning, the institution itself becomes morally blameworthy. Peter French's (1984) account of corporate moral agency is particularly relevant here. If an organisation's internal decision-making structures systematically produce outcomes that undermine ethical standards, then moral evaluation must extend beyond individual actors to the institution as such. In this sense, governance deficits within NNPCL may be interpreted as failures of institutional moral agency. The absence of clear accountability pathways does not absolve the institution; it constitutes the very basis of its ethical failure. This reframing shifts the analytical focus from identifying culpable individuals to evaluating the moral adequacy of governance design, a perspective shared by scholarly critiques of rentier state structures that enable diffused accountability.

Normalisation of Ethical Breach and Organisational Culture
Institutional ethical failure is often sustained through organisational cultures that normalise practices which, in isolation, might appear ethically questionable. Over time, repeated exposure to weak accountability, political interference, and opaque decision-making can recalibrate moral expectations, rendering ethical concern exceptional rather than routine (Crane et al., 2019). This explains the systemic decay that has made economic and political corruption a habitual characteristic of the NNPCL. Such normalisation does not require malicious intent. It can emerge gradually as actors adapt to institutional incentives and constraints. From a philosophical perspective, however, this adaptation is itself ethically significant. When institutions systematically reward compliance over integrity, or silence over moral deliberation, they undermine the conditions necessary for ethical agency within the organisation. This cultural dimension of governance failure underscores the limitations of reform strategies focused solely on rules and procedures. Ethical governance requires institutional environments that actively support moral judgment, dissent, and responsibility-taking. Without such environments, formal governance reforms risk becoming ethically performative rather than substantively transformative. The cumulative effect of governance deficits, responsibility diffusion, and opacity is the erosion of public trust. Trust, in the philosophical sense, is not blind confidence but a moral relationship grounded in justified expectations of responsible conduct (Baier, 1986). Public institutions depend on trust not only for legitimacy but for their capacity to function effectively within democratic societies. When governance failures persist without clear moral reckoning, trust deteriorates. This erosion has broader ethical implications, extending beyond the institution itself to the political community it serves. Williams (2002) observes that institutions that lose their claim to truthfulness and responsibility undermine the moral fabric of public life.

Philosophical Evaluation: Legitimacy, Trust, and Moral Authority

Ethical Legitimacy of Hybrid Institutions: The preceding analysis demonstrated that governance deficits in NNPCL are not merely administrative or procedural; they constitute a challenge to the ethical legitimacy of the institution itself. Ethical legitimacy refers to the extent to which an institution's authority is justified not only legally, but morally (Boatright, 2018). Unlike private corporations, whose legitimacy may rest primarily on contractual compliance and performance, state-owned enterprises derive authority from their role as stewards of collective resources (Davis et al., 1997). This stewardship role imposes heightened moral obligations, particularly in resource-rich postcolonial contexts where public institutions often bear the burden of historical inequities and expectations of

equitable distribution. From a philosophical perspective, legitimacy entails the capacity of an institution to justify its actions to those affected by them. Rawls (1993) emphasizes that political and institutional authority is justified only when exercised according to principles that could be publicly accepted under conditions of fairness. Applied to NNPCL, this requires governance structures that are transparent, accountable, and oriented towards public benefit. When opacity, responsibility diffusion, and political interference prevail, the institution fails to meet the moral conditions necessary for legitimacy, regardless of its compliance with corporate law.

Public Trust as a Moral Imperative

Trust is central to the moral evaluation of public institutions. Annette Baier argues that trust constitutes a normative relationship: it is not mere confidence, but an expectation grounded in the belief that actors will act responsibly and with integrity (Baier, 1986). In hybrid institutions like NNPCL, trust is both instrumental and moral. It enables effective institutional functioning while signalling the ethical quality of governance. The erosion of public trust is therefore a tangible manifestation of ethical failure. When citizens perceive that institutional decisions are opaque, misaligned with public interest, or shaped by diffuse responsibility, trust is undermined. Philosophically, this creates a moral deficit: authority persists, but the ethical claim to obedience and support is weakened. In the case of NNPCL, sustained governance deficits threatens not only operational efficiency but also the moral authority of the state as custodian of national resources.

Responsibility and Institutional Reform

A central insight of institutional ethics is that responsibility is not exclusively individual. French's concept of corporate moral agency implies that institutions themselves can be ethically evaluated, and where structures produce predictable harm or injustice, the organisation bears moral responsibility (French, 1984). For NNPCL, this suggests that reform should not focus solely on personnel changes or compliance mechanisms. Instead, ethical reform requires a reconfiguration of governance structures to ensure that responsibility is intelligibly assigned, accountability mechanisms are effective, and public trust is actively maintained. Stewardship theory provides guidance here. By framing managerial and institutional roles as fiduciary responsibilities rather than contractual obligations, it is possible to reconceptualise governance as a moral practice. O'Neill (2002) reinforces this by stressing intelligent accountability that fosters trustworthiness rather than mere oversight.

Philosophical Implications for State-Owned Enterprises

The case of NNPCL illustrates broader normative lessons for SOEs in postcolonial states. Hybrid structures, while administratively convenient, introduce ethical tensions that cannot be resolved solely by legal or procedural reforms. Institutional design must integrate commercial efficiency with moral responsibility to stakeholders and the public. There is therefore the need for governance frameworks that are ethically coherent, not merely legally compliant. Furthermore, the ethical critique of NNPCL highlights the role of institutional culture in sustaining moral norms. Without mechanisms to cultivate ethical awareness, deliberate responsibility-taking, and transparency; governance structures risk reinforcing opacity and normalising ethical breach. Institutional legitimacy, public trust, and moral authority are therefore inseparable from the design and ethical orientation of governance itself. This perspective aligns with broader reflections on ethical governance in

Africa, where fragile institutions must navigate the demands of development, accountability, and public justification in resource-dependent economies.

Towards an Ethically Grounded Model of Corporate Governance for SOEs

Reconciling Commercial Objectives and Public Responsibility

Hybrid state-owned enterprises such as NNPCL face the persistent tension between commercial efficiency and public fiduciary obligations. Conventional reforms focusing solely on corporate compliance or performance metrics are insufficient. As the preceding analyses demonstrate, ethical governance requires the integration of commercial logic with normative responsibility. Governance structures should ensure that profitability does not displace moral obligations to citizens, host communities, and future generations. Thus, reconciliation demands a deliberate normative shift, recognising that public resources carry intrinsic ethical weight beyond market valuation. From an African philosophical perspective, this integration can draw on communitarian ethics, which emphasises relationality, shared responsibility, and the primacy of the common good. Philosophers such as Kwame Gyekye (1997) argue that ethical decision-making is embedded in social networks, where individual and institutional actions are evaluated based on their contribution to communal welfare. Gyekye (1997) contends notes that "The communitarian ethic... stresses the importance of the community in the life and moral thought of the individual, while at the same time acknowledging the intrinsic worth and dignity of the individual person" (p. 96). In relation to NNPCL, a communitarian framework implies that governance must actively align corporate decisions with societal well-being, ensuring that institutional success is measured not solely by profit but also by ethical stewardship of national resources. Such an approach bridges global governance models with contextually resonant African moral philosophical traditions.

Embedding Stewardship as a Moral Principle

Stewardship theory provides a complementary normative lens, emphasising duty, trust, and intrinsic motivation (Davis et al., 1997). Managers and boards are conceived as stewards, responsible not merely for compliance with formal rules but for sustaining the ethical integrity of the institution. In the context of NNPCL, stewardship requires that corporate actions reflect both economic prudence and moral accountability toward the Nigerian populace. This fiduciary orientation prioritises long-term public benefit over short-term gains, fostering governance that honours the public trust inherent in resourse management. African philosophical traditions resonate strongly with this notion. Innocent Asouzu's (2004) *Ibuanyidanda* philosophy, for example, articulates the ethical necessity of balancing personal, institutional, and communal responsibilities. Asouzu (2004) describes this as "complementary ontology," where mutual dependence and shared futures demand ethical actions that serve the whole (pp. 42-48). This approach reinforces the idea that governance structures should promote relational responsibility, where ethical norms are internalised within organisational culture, rather than treated as external impositions. By embedding stewardship as a moral principle, SOEs like the NNPCL can cultivate institutional practices that reflect both universal fiduciary duties and African communitarian values.

Conclusion

This paper has examined the governance deficits and ethical failures of Nigeria's National Petroleum Company Limited (NNPCL) through a philosophical lens, situating the discussion within global corporate governance theories and African ethical perspectives. The analyses demonstrate that NNPCL's challenges are not merely technical or managerial but

institutional and moral. The hybrid identity of the company as both a commercially oriented enterprise and a custodian of public resources creates persistent ethical tensions that conventional reforms alone cannot resolve. Drawing on agency, stakeholder, and stewardship theories, the study highlighted how responsibility diffusion, opacity, and political influence systematically weaken ethical accountability. Ethical failure in NNPCL is therefore structural, emerging from institutional design rather than episodic misconduct. Having presented governance deficits as institutional ethical failure, this paper emphasises that reform should address the moral architecture of governance, not merely its procedural components.

The incorporation of African philosophical perspectives particularly communitarian ethics and Asouzu's *Ibuanyidanda* philosophy further deepens the normative analysis. These frameworks underscored that governance is relational and that institutional legitimacy derives not solely from legal compliance or financial performance but from alignment with the common good, collective responsibility, and public trust. Embedding such ethical principles into governance structures ensures that institutions like NNPCL can exercise authority responsibly, maintain public legitimacy, and cultivate moral accountability among actors. Ultimately, this study contributes to the philosophical discourse on corporate governance by demonstrating that ethical evaluation is indispensable for state-owned enterprises operating in fragile accountability environments. It proposes a governance model that integrates commercial efficiency with moral responsibility, transparency, and stakeholder engagement informed by both global standards and African ethical thought. Such a model not only strengthens institutional legitimacy but also reinforces public trust thereby enabling state-owned enterprises (SOEs) to fulfil their dual mandate of economic performance and social stewardship. The lessons of NNPCL are therefore broadly applicable to SOEs across Africa and the Global South. Effective governance is inseparable from ethical integrity, and the pursuit of both ought to be deliberate, structural, and philosophically grounded. In this sense, corporate governance is not merely an administrative concern; it is a moral project, shaping the legitimacy, trust, and ethical standing of institutions entrusted with public resources.

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