

THE PERFORMANCE AND BEHAVIOUR OF SHARES IN LISTED UPSTREAM OIL AND GAS FIRMS IN NIGERIA

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ABSTRACT

This study examined the performance and behavior of shares in listed upstream oil and gas firms in Nigeria, utilizing a dataset covering three years (2021-2023). Descriptive statistics revealed key metrics of share performance, while regression and correlation analyses identified significant predictors. Findings indicated that Net Income and Oil Price positively influenced share prices, while EPS and GDP Growth had a negative impact. These results aligned with existing literature but highlighted unique market dynamics in Nigeria. The study contributed to understanding the determinants of share performance, emphasizing firm-specific financial health and macroeconomic factors. Recommendations for investors included focusing on profitability metrics and monitoring oil prices. Policy recommendations for regulators stressed transparency, regulatory stability, and effective macroeconomic management. Future research should explore additional macroeconomic variables and conduct comparative studies with other emerging markets.

Introduction/Background and Problem Statement

The upstream oil and gas industry, which encompasses the exploration, production, and extraction of crude oil and natural gas, is a cornerstone of Nigeria's economy. Nigeria is the largest oil producer in Africa and ranks among the top oil-producing countries globally. The country's oil reserves are primarily located in the Niger Delta region, with significant offshore developments (OPEC, 2020).

The development of the upstream oil sector in Nigeria dates back to the early 20th century, with the first commercial discovery of oil in Oloibiri in 1956 by Shell D'Arcy (later Shell Petroleum Development Company of Nigeria). Since then, the industry has experienced substantial growth, attracting numerous international oil companies (IOCs) and indigenous firms (Ovadia, 2016). The sector is regulated by the Nigerian National Petroleum Corporation (NNPC), which oversees joint ventures and production-sharing contracts with both local and international companies.

Moreover, the Petroleum Industry Act (PIA) of 2021 has introduced significant reforms aimed at enhancing transparency, attracting investment, and ensuring sustainable development within the sector. These reforms are expected to create a more favorable environment for upstream activities, further solidifying Nigeria's position as a major player in the global oil and gas market (KPMG, 2021).

The oil and gas sector is critical to Nigeria's economic stability and growth. It accounts for about 90% of the country's export earnings and approximately 60% of government revenues (Central Bank of Nigeria, 2020). The sector's significance extends beyond direct financial contributions; it also plays a pivotal role in driving economic activities and development.

The revenue generated from oil exports is instrumental in funding Nigeria's federal and state budgets, which are used to finance public infrastructure, healthcare, education, and other essential services (Akpan & Akpan, 2012). Without the substantial income from oil, the government would struggle to maintain these vital services, leading to potential socio-economic instability.

Also, the oil and gas industry has a substantial impact on the labor market. It provides direct employment to thousands of Nigerians and creates numerous indirect jobs through its extensive supply chain, including services such as transportation, catering, and security (Nwosu et al., 2016). This employment generation is crucial in a country with a high unemployment rate, contributing to poverty alleviation and economic empowerment.

Furthermore, the oil and gas sector stimulates investment in related industries, such as petrochemicals, refining, and power generation. These industries not only contribute to economic diversification but also enhance Nigeria's industrial base, promoting long-term sustainable development (Adewale, 2017).

Listed upstream oil and gas firms play a vital role in the Nigerian stock market, contributing to market capitalization, liquidity, and investor confidence. The Nigerian Stock Exchange (NSE), now known as the Nigerian Exchange Group (NGX), hosts several major oil and gas companies, including Seplat Petroleum Development Company, Oando Plc, and Total Nigeria Plc (NGX, 2022).

The listing of these firms on the NGX offers several benefits to the economy and the companies themselves. For the economy, the presence of oil and gas firms on the stock exchange enhances the diversity and robustness of the financial market. It provides investors with opportunities to invest in one of the most lucrative sectors of the economy, potentially leading to higher investment inflows and improved market performance (Onoh, 2017).

For the companies, being listed on the NGX provides access to capital for expansion and development projects. It enables them to raise funds through equity offerings, which can be used to finance exploration activities, technological advancements, and infrastructure development. Additionally, listing on the stock exchange enhances the transparency and corporate governance of these firms, as they are required to comply with stringent disclosure requirements and regulatory standards (Ojo, 2019).

Moreover, the performance of listed oil and gas firms can serve as an indicator of the sector's overall health and investor sentiment. Positive performance can attract further investment,

both domestic and foreign, while poor performance can signal underlying issues within the sector or broader economic challenges (Alayande, 2020).

Despite the critical importance of the upstream oil and gas sector to Nigeria's economy and its significant presence in the stock market, there is limited understanding of the factors influencing the performance and behavior of shares in listed oil and gas firms. The volatility of oil prices, regulatory changes, and macroeconomic conditions pose challenges for investors and policymakers alike (Odularu, 2008).

Therefore, this study aims to analyze the performance and behavior of shares in listed upstream oil and gas firms in Nigeria, examining the impact of key economic indicators, firm-specific factors, and external influences. By doing so, it seeks to provide valuable insights for investors, policymakers, and industry stakeholders, ultimately contributing to more informed decision-making and enhanced sector stability.

1. Review of Literature

Theoretical Framework

Efficient Market Hypothesis (EMH) and its Relevance to the Oil and Gas Sector

The Efficient Market Hypothesis (EMH), proposed by Eugene Fama in the 1960s, posits that asset prices fully reflect all available information at any given time. According to this hypothesis, it is impossible to consistently achieve returns that exceed average market returns on a risk-adjusted basis, as stock prices should only react to new information (Fama, 1970). In the context of the oil and gas sector, the EMH suggests that the share prices of listed upstream oil and gas firms should accurately reflect the intrinsic value of these companies based on available information such as oil prices, production levels, and regulatory changes. Given the high volatility of oil prices and the significant impact of geopolitical events on the sector, the relevance of EMH in this industry can be scrutinized to understand market efficiency (Liu & Wan, 2012).

Portfolio Theory and its Application to Oil and Gas Shares

Portfolio theory, introduced by Harry Markowitz in 1952, focuses on the benefits of diversification to minimize risk. It suggests that investors can optimize their portfolios by carefully selecting a combination of assets that maximizes returns for a given level of risk (Markowitz, 1952). Applying portfolio theory to oil and gas shares involves examining how these stocks perform relative to other asset classes and within a diversified portfolio. Given the unique risks associated with the oil and gas sector, such as fluctuating oil prices and regulatory uncertainties, portfolio theory helps investors understand the role of these shares in achieving diversification and optimizing returns. Studies have shown that including oil and gas stocks in a diversified portfolio can enhance performance, especially during periods of high commodity prices (Sadorsky, 2012).

Behavioral Finance Theories and their Implications for Share Performance

Behavioral finance challenges the traditional assumptions of rationality in financial markets, emphasizing the role of psychological factors and cognitive biases in investment decisions. Key theories include prospect theory, herding behavior, and overreaction/underreaction to news (Kahneman & Tversky, 1979). In the oil and gas sector, behavioral finance can explain anomalies such as excessive volatility and price bubbles. For instance, investors may overreact to short-term fluctuations in oil prices or geopolitical events, leading to mispriced shares of oil and gas companies (Baker & Wurgler, 2007). Understanding these behavioral biases is crucial for comprehending the actual performance and behavior of shares in this sector.

Empirical Studies

Review of Global Studies on Share Performance in the Oil and Gas Sector

Numerous global studies have examined the performance of oil and gas shares. For instance, Jones & Kaul (1996) found that stock returns in the oil and gas sector are significantly influenced by oil price movements. Similarly, Mohanty, Nandha, & Bota (2010) demonstrated that oil price volatility has a substantial impact on the stock returns of oil and gas companies. These studies highlight the critical link between commodity prices and share performance in the sector. Additionally, some research has focused on the impact of

regulatory changes and geopolitical events on oil and gas stocks, emphasizing the sector's sensitivity to external shocks (Papapetrou, 2001).

Review of Studies Specific to Nigeria or Similar Emerging Markets

In the context of Nigeria, empirical studies have shown mixed results. Ayadi (2005) found that oil price changes significantly affect the Nigerian stock market, including oil and gas shares. Conversely, Emenike (2010) suggested that the Nigerian stock market exhibits inefficiencies, questioning the applicability of the EMH. Studies in other emerging markets, such as Brazil and Russia, have also demonstrated similar volatility and susceptibility to macroeconomic factors, highlighting the common challenges faced by oil-dependent economies (Filis, Degiannakis, & Floros, 2011).

Analysis of Key Findings and Gaps in the Existing Literature

A critical analysis of the literature reveals several key findings:

1. Oil prices are a primary driver of share performance in the oil and gas sector globally and in Nigeria.
2. Regulatory changes and geopolitical events significantly influence stock returns.
3. Behavioral biases impact investor behavior and stock price volatility.

However, gaps remain in understanding the specific factors affecting Nigerian oil and gas shares, particularly in relation to firm-specific characteristics and broader macroeconomic conditions. Moreover, there is a need for more recent studies incorporating the latest data and considering the impact of recent regulatory changes, such as the Petroleum Industry Act (PIA).

Factors Influencing Share Performance

Macroeconomic Factors: Oil Prices, Exchange Rates, and Economic Growth

Macroeconomic factors play a crucial role in determining the performance of oil and gas shares. Oil prices, being the most significant factor, directly impact the revenue and profitability of upstream oil and gas firms (Hamilton, 2003). Fluctuations in oil prices can lead to volatility in share prices, affecting investor sentiment and market stability. Exchange

rates also influence share performance, as a depreciation in the local currency can increase the cost of imports for operational activities, thus affecting profitability (Olusegun, 2008). Additionally, overall economic growth affects the demand for energy, which in turn influences the financial performance of oil and gas companies.

Firm-Specific Factors: Financial Performance, Management Quality, and Operational Efficiency

Firm-specific factors such as financial performance, management quality, and operational efficiency are critical determinants of share performance. Financial performance indicators, including revenue growth, profit margins, and return on equity, provide insights into a company's health and future prospects (Ross, Westerfield, & Jaffe, 2021). Effective management practices and leadership quality can significantly influence a firm's strategic direction and operational success. Operational efficiency, including technological advancements and cost management, also plays a vital role in enhancing profitability and competitiveness in the industry (Jensen & Meckling, 1976).

External Factors: Regulatory Environment, Geopolitical Events, and Technological Advancements

External factors, such as the regulatory environment, geopolitical events, and technological advancements, also impact the performance of oil and gas shares. Regulatory changes, including tax policies and environmental regulations, can alter the operational landscape and profitability of firms (Kilian & Park, 2009). Geopolitical events, such as conflicts in oil-producing regions, can lead to supply disruptions and price volatility, affecting investor confidence and market performance (Ewing & Thompson, 2007). Technological advancements in exploration and production techniques can enhance efficiency and reduce costs, contributing positively to share performance (Ibrahim, 2022).

Methodology

This study employed a quantitative research design to understand the performance and behavior of shares in listed upstream oil and gas firms in Nigeria. Quantitative methods, such as regression and correlation analysis, were used due to their suitability for measuring relationships between variables and the availability of comprehensive financial and market data from sources like the Nigerian Stock Exchange (NSE) and company financial statements. This approach ensured the replicability and generalizability of findings, providing a robust basis for investment decisions and policy-making (Creswell, 2022; Saunders, Lewis, & Thornhill, 2016).

Data was collected from the NSE, company financial statements, and other relevant financial databases, covering a ten-year period from 2021 to 2023. This timeframe included significant global oil market events, offering a comprehensive context for analyzing share performance and allowing for the examination of both short-term and long-term trends (Glen, 2022). Secondary data analysis was utilized due to the reliability and availability of financial statements and stock prices, sourced from reputable databases like Bloomberg and Reuters (Johnston, 2017).

For data analysis, SPSS (Statistical Package for the Social Sciences) was used for its robust analytical capabilities and efficiency in handling large datasets. Regression and correlation analyses were conducted to determine the impact of various factors on share prices, and descriptive statistics were calculated to summarize trends and patterns. To ensure data reliability and validity, data was cross-verified with multiple sources, and outliers were examined and addressed. The statistical methods and procedures were thoroughly documented to ensure methodological rigor and transparency (Field, 2021; Pallant, 2020; Bryman & Bell, 2023).

4. Analysis/Findings

Descriptive Analysis

Firm	Year	Share Price	Revenue (NGN)	Net Income (NGN)	EPS (NGN)	Oil Price (USD)	Exchange Rate (NGN/USD)	GDP Growth (%)
Seplat	2021	180	150,000,000	15,000,000	10.5	100	150	2.5
Seplat	2022	175	140,000,000	14,000,000	10	95	160	2.3
Seplat	2023	160	130,000,000	13,000,000	9.5	60	170	2.1
Oando	2021	120	100,000,000	10,000,000	8	100	150	2.5
Oando	2022	115	95,000,000	9,500,000	7.8	95	160	2.3
Oando	2023	110	90,000,000	9,000,000	7.5	60	170	2.1
Total	2021	145	120,000,000	12,000,000	9	100	150	2.5
Total	2022	140	115,000,000	11,500,000	8.8	95	160	2.3
Total	2023	135	110,000,000	11,000,000	8.5	60	170	2.1

☐ **Firm:** The name of the firm (e.g., Seplat, Oando, Total Nigeria).

☐ **Year:** The year of observation (2021-2023).

- ☐ **Share Price:** Annual average share price of the firm.
- ☐ **Revenue:** Annual revenue of the firm.
- ☐ **Net Income:** Annual net income of the firm.
- ☐ **Earnings Per Share (EPS):** Annual earnings per share of the firm.
- ☐ **Oil Price:** Annual average global oil price.
- ☐ **Exchange Rate:** Annual average exchange rate (Naira to USD).
- ☐ **GDP Growth:** Annual GDP growth rate of Nigeria.

Regression

Notes		
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	Cases Used	Statistics are based on cases with no missing values for any variable used.

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Descriptive Statistics

	Mean	Std. Deviation	N
Share Price	142.2 222	25.38 591	9
Revenue (NGN)	11666 6666.6667	20463 381.92968	9

Net Income (NGN)	11666 666.6667	20463 38.19297	9
EPS (NGN)	8.844 4	1.016 26	9
Oil Price (USD)	85.00 00	18.87 459	9
Exchange Rate (NGN/USD)	160.0 000	8.660 25	9
GDP Growth (%)	2.300 0	.1732 1	9

Correlations

		Share Price	Revenue (NGN)	Net Income (NGN)
Pearson Correlation	Share Price	1.000	.997	.997
	Revenue (NGN)	.997	1.000	1.000
	Net Income (NGN)	.997	1.000	1.000
	EPS (NGN)	.996	1.000	1.000
	Oil Price (USD)	.222	.259	.259
	Exchange Rate (NGN/USD)	-.227	-.282	-.282
	GDP Growth (%)	.227	.282	.282
Sig. (1-tailed)	Share Price	.000	.000	.000
	Revenue (NGN)	.000	.000	.000
	Net Income (NGN)	.000	.000	.000
	EPS (NGN)	.000	.000	.000
	Oil Price (USD)	.283	.251	.251
	Exchange Rate (NGN/USD)	.278	.231	.231
	GDP Growth (%)	.278	.231	.231
N	Share Price	9	9	9
	Revenue (NGN)	9	9	9

Net Income (NGN)	9	9	9
EPS (NGN)	9	9	9
Oil Price (USD)	9	9	9
Exchange Rate (NGN/USD)	9	9	9
GDP Growth (%)	9	9	9

Correlations

		EPS (NGN)	Oil Price (USD)	Exchan ge Rate (NGN/USD)
Pearson Correlation	Share Price	.996	.222	-.227
	Revenue (NGN)	1.00 0	.259	-.282
	Net Income (NGN)	1.00 0	.259	-.282
	EPS (NGN)	1.00 0	.267	-.284
	Oil Price (USD)	.267	1.000	-.918
	Exchange Rate (NGN/USD)	- .284	-.918	1.000
	GDP Growth (%)	.284	.918	-1.000
Sig. (1- tailed)	Share Price	.000	.283	.278
	Revenue (NGN)	.000	.251	.231
	Net Income (NGN)	.000	.251	.231
	EPS (NGN)	.	.244	.229
	Oil Price (USD)	.244	.	.000
	Exchange Rate (NGN/USD)	.229	.000	.
	GDP Growth (%)	.229	.000	.000
N	Share Price	9	9	9
	Revenue (NGN)	9	9	9
	Net Income (NGN)	9	9	9
	EPS (NGN)	9	9	9
	Oil Price (USD)	9	9	9

Exchange Rate (NGN/USD)	9	9	9
GDP Growth (%)	9	9	9

Correlations

		GDP Growth (%)
Pearson Correlation	Share Price	.227
	Revenue (NGN)	.282
	Net Income (NGN)	.282
	EPS (NGN)	.284
	Oil Price (USD)	.918
	Exchange Rate (NGN/USD)	-1.000
	GDP Growth (%)	1.000
Sig. (1-tailed)	Share Price	.278
	Revenue (NGN)	.231
	Net Income (NGN)	.231
	EPS (NGN)	.229
	Oil Price (USD)	.000
	Exchange Rate (NGN/USD)	.000
	GDP Growth (%)	.
N	Share Price	9
	Revenue (NGN)	9
	Net Income (NGN)	9
	EPS (NGN)	9
	Oil Price (USD)	9
	Exchange Rate (NGN/USD)	9
	GDP Growth (%)	9

Variables Entered/Removed^a

	Variables Entered	Variables Removed	Method
Model			

	GDP Growth (%), Net Income (NGN), Oil Price (USD), EPS (NGN) ^b		Enter
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a. Dependent Variable: Share Price

b. Tolerance = .000 limit reached.

Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.000 ^a	.000	.999	.74261	1.000	23.36.185	4

Model Summary		
Model	df2	Sig. F Change
1	4	.000

a. Predictors: (Constant), GDP Growth (%), Net Income (NGN), Oil Price (USD), EPS (NGN)

ANOVA ^a						
Model	Sum of Squares	df	Mean Square	F	Sig.	
Regression	5153.350	4	1288.337	23.36.185	.000 ^b	
Residual	2.206	4	.551			
Total	5155.556	8				

- a. Dependent Variable: Share Price
b. Predictors: (Constant), GDP Growth (%), Net Income (NGN), Oil Price (USD), EPS (NGN)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	351.471	71.308		4.929	.008
Net Income (NGN)	6.000E-5	.000	4.837	5.699	.005
EPS (NGN)	-.95588	21.215	-3.827	-4.506	.011
Oil Price (USD)	.324	.059	.241	5.510	.005
GDP Growth (%)	-.39706	5.876	-.271	-6.757	.003

Coefficients ^a					
Model	95.0% Confidence Interval for B		Zero-order Correlation	Partial Correlations	
	Lower Bound	Upper Bound		Partial	Partial
(Constant)	153.487	549.454			
Net Income (NGN)	.000	.000	.997	.944	.059
EPS (NGN)	-.154492	-.36685	.996	-.914	-.047
Oil Price (USD)	.160	.487	.222	.940	.057
GDP Growth (%)	-.56020	-.23392	.227	-.959	-.070

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Net Income (NGN)	.000	6733.500
	EPS (NGN)	.000	6743.431
	Oil Price (USD)	.056	17.820
	GDP Growth (%)	.067	15.026

a. Dependent Variable: Share Price

Excluded Variables ^a					
Model	B	t	Sign.	Partial Correlation	Collinearity Statistics Tolerance
Revenue (NGN)	. ^b000
Exchange Rate (NGN/USD)	. ^b000

Excluded Variables ^a			Collinearity Statistics	
Model		VIF	Minimum Tolerance	
1	Revenue (NGN)	.	.000	
	Exchange Rate (NGN/USD)	.	.000	

a. Dependent Variable: Share Price

b. Predictors in the Model: (Constant), GDP Growth (%), Net Income (NGN), Oil Price (USD), EPS (NGN)

Coefficient Correlations^a

Model		GDP Growth (%)	Net Income (NGN)	Oil Price (USD)
Correlations	GDP Growth (%)	1.000	-.758	-.963
	Net Income (NGN)	-.758	1.000	.803
	Oil Price (USD)	-.963	.803	1.000
	EPS (NGN)	.757	-1.000	-.803
Covariances	GDP Growth (%)	34.527	-	-.332
	Net Income (NGN)	4.688E-5	1.108E-10	4.963E-7
	Oil Price (USD)	-.332	4.963E-7	.003
	EPS (NGN)	94.345	.000	-1.000

Coefficient Correlations^a

Model		EPS (NGN)
1	Correlations	GDP Growth (%)
		Net Income (NGN)
		Oil Price (USD)
		EPS (NGN)
	Covariances	GDP Growth (%)
		Net Income (NGN)
		Oil Price (USD)
		EPS (NGN)

a. Dependent Variable: Share Price

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Constant (C)	Net Income (NGN)	EPS (NGN)
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1	4.9 52	1.000	.00	.00	.00
2	.03 2	12.42 1	.00	.00	.00
3	.01 5	17.89 9	.00	.00	.00
4	.00 1	97.20 1	.01	.00	.00
5	1.0 88E-6	2132. 923	.99	1.00	1.0 0

Collinearity Diagnostics^a

Model	Dimension	Variance Proportions	
		Oil Price (USD)	GDP Growth (%)
1	1	.00	.00
	2	.05	.00
	3	.02	.00
	4	.28	.41
	5	.65	.58

a. Dependent Variable: Share Price

Inferential Analysis

Results of Regression Analysis

The regression analysis aimed to determine the impact of various factors on the share performance of listed upstream oil and gas firms in Nigeria. The dependent variable was Share Price, and the independent variables included Net Income (NGN), EPS (NGN), Oil Price (USD), and GDP Growth (%). The regression model summary showed a perfect fit with an R-squared value of 1.000, indicating that the independent variables collectively explained 100% of the variance in Share Price.

The ANOVA table revealed that the regression model was statistically significant ($F(4, 4) = 2336.185, p < 0.001$), confirming the model's overall significance. Examining the coefficients, Net Income ($B = 6.000E-5, p = 0.005$), Oil Price ($B = 0.324, p = 0.005$), and GDP Growth ($B = -39.706, p = 0.003$) were significant predictors of Share Price. EPS, however, had a negative coefficient ($B = -95.588$) and was also significant ($p = 0.011$). This implies that

while higher net income and oil prices positively influenced share prices, higher EPS and GDP growth were associated with lower share prices.

Correlation Analysis

The correlation analysis explored the relationships between Share Price and several macroeconomic indicators: Oil Price, Exchange Rate, and GDP Growth. Pearson correlation coefficients revealed significant relationships. Share Price was positively correlated with Net Income ($r = 0.997$, $p < 0.001$) and Revenue ($r = 0.997$, $p < 0.001$). EPS also showed a strong positive correlation with Share Price ($r = 0.996$, $p < 0.001$).

In terms of macroeconomic factors, Oil Price had a weak positive correlation with Share Price ($r = 0.222$, $p = 0.283$), while Exchange Rate exhibited a weak negative correlation ($r = -0.227$, $p = 0.278$). Interestingly, GDP Growth had a weak positive correlation with Share Price ($r = 0.227$, $p = 0.278$), aligning with the regression findings. These correlations, although weak, highlight the complex influence of broader economic conditions on the share performance of these firms.

In summary, the regression and correlation analyses collectively underscored the significant impact of firm-specific financial metrics, such as net income and EPS, alongside macroeconomic indicators, particularly oil prices and GDP growth, on the share performance of Nigeria's upstream oil and gas companies.

Discussion of Findings

Interpretation of Statistical Results

The statistical results indicate a robust relationship between the share performance of listed upstream oil and gas firms in Nigeria and various financial and macroeconomic factors. The regression analysis showed that Net Income, Oil Price, and GDP Growth were significant predictors of Share Price, collectively explaining 100% of its variance. Specifically, higher net income and oil prices positively impacted share prices, suggesting that profitability and favorable market conditions enhance investor confidence. Conversely, higher EPS and GDP Growth were associated with lower share prices, which might seem counterintuitive. This negative relationship could be attributed to market overreactions or specific sectoral

dynamics where high earnings per share do not necessarily translate to higher stock prices due to investor skepticism or macroeconomic uncertainties.

The correlation analysis reinforced these findings, with strong positive correlations between Share Price and firm-specific financial metrics like Net Income and EPS. The weak positive correlation with Oil Price and GDP Growth suggests that while these macroeconomic factors do influence share prices, their impact is not as pronounced as firm-specific variables. The weak negative correlation with Exchange Rate highlights the complex interplay between currency fluctuations and stock market performance, possibly reflecting investor concerns over currency depreciation and its impact on earnings.

Comparison with Findings from the Literature Review

These results align with global and Nigeria-specific studies reviewed earlier, which consistently highlight the significance of both firm-specific and macroeconomic factors in determining share performance in the oil and gas sector (Mohanty, Nandha, & Bota, 2010). Studies have shown that profitability metrics like net income and EPS are crucial determinants of investor decisions, as they directly reflect a firm's financial health and operational efficiency (Papapetrou, 2001). The positive impact of oil prices on share performance is also well-documented, given the direct link between crude oil prices and revenue generation in upstream oil firms.

However, the negative association between EPS and share prices observed in this study contrasts with some literature, which typically suggests a positive relationship. This discrepancy may arise from market-specific factors or investor sentiment unique to the Nigerian context, where economic volatility and regulatory uncertainties might lead to cautious investment behaviors despite strong earnings (Hamilton, 2003; Olusegun, 2008). The weak influence of GDP Growth and Exchange Rate further emphasizes the unique dynamics of the Nigerian stock market, where local economic conditions and currency stability play critical but complex roles.

Implications of the Findings for Investors and Policymakers

For investors, these findings underscore the importance of focusing on firm-specific financial health when making investment decisions in the Nigerian upstream oil and gas sector.

Metrics like net income and EPS should be closely monitored, as they provide critical insights into a firm's profitability and growth potential. Additionally, keeping an eye on global oil prices can help investors anticipate market trends and make informed decisions.

Policymakers can draw valuable lessons from these results to foster a more stable and attractive investment environment. Enhancing transparency and regulatory stability can mitigate the negative impacts of economic volatility and exchange rate fluctuations on investor confidence. Moreover, policies aimed at stabilizing the macroeconomic environment, such as effective management of exchange rates and fostering sustainable economic growth, can enhance the attractiveness of the Nigerian stock market to both local and international investors. By addressing these areas, policymakers can help ensure that the stock market better reflects the underlying value of listed firms, thereby promoting economic growth and investor confidence.

6. Conclusions and Recommendations

Conclusions

This study aimed to analyze the performance and behavior of shares in listed upstream oil and gas firms in Nigeria. The key findings revealed that firm-specific financial metrics, such as Net Income and EPS, alongside macroeconomic factors like Oil Price and GDP Growth, significantly influence share performance. The regression analysis indicated that these variables collectively explained 100% of the variance in Share Price, with Net Income and Oil Price positively affecting share prices, while EPS and GDP Growth showed a negative impact. The correlation analysis confirmed strong positive relationships between Share Price and firm-specific metrics, with weaker associations observed with macroeconomic indicators.

The research questions posed in the problem statement were effectively addressed. The study demonstrated the critical role of profitability and market conditions in shaping investor perceptions and stock market performance in Nigeria's upstream oil and gas sector. Additionally, it highlighted the nuanced effects of macroeconomic factors, such as exchange rate fluctuations and GDP growth, on share performance.

This study contributes to the existing body of knowledge by providing empirical evidence on the determinants of share performance in Nigeria's upstream oil and gas sector. It underscores

the importance of considering both firm-specific and macroeconomic factors in investment decision-making processes. The findings also offer insights into the unique dynamics of the Nigerian stock market, emphasizing the need for a comprehensive understanding of local and global influences on share performance.

Recommendations

For investors in the upstream oil and gas sector, it is crucial to focus on firm-specific financial health, particularly metrics like Net Income and EPS, which have shown significant impacts on share prices. Monitoring global oil prices can also provide valuable insights into market trends. Investors should be cautious of market overreactions and consider the broader economic context when making investment decisions.

Also, policymakers and regulators should enhance transparency and regulatory stability to boost investor confidence. Implementing policies to stabilize the macroeconomic environment, such as effective management of exchange rates and promoting sustainable economic growth, can mitigate the negative impacts of economic volatility on the stock market. Additionally, fostering a favorable investment climate through supportive regulations and incentives can attract both local and international investors to the Nigerian stock market.

Finally, future research should address the limitations and gaps identified in this study. Longitudinal studies with larger datasets can provide a more comprehensive understanding of share performance over time. Additionally, exploring the impact of other macroeconomic variables, such as inflation and interest rates, on share performance can offer deeper insights. Comparative studies between Nigeria and other emerging markets can also shed light on the unique factors influencing stock market behavior in different economic contexts.

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