

## DIVIDEND PAYMENTS AND PROFITABILITY OF SELECTED QUOTED OIL AND GAS COMPANIES

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### KEYWORDS

### ABSTRACT

*This study sought to examine effects of dividend policy on share value of oil and gas companies quoted at Nigerian Stock Exchange. To answer the research question, the study used the ex-post facto research design. Study population comprised of 19 companies of oil and gas companies quoted on the Nigerian Stock Exchange. The study used a secondary data extracted from the annual financial reports of public quoted oil and gas companies in Nigeria for the period of 5 years, from the 2011 to 2015. The data analysis techniques of the study adopted the inductive and empirical methodological framework and the data obtained was tabulated and statistically analyzed using E-views. The study findings established that the estimated coefficient of the regression parameters have both positive and negative signs. The study also found that the dividend policies of quoted companies in Nigeria are significantly influenced by their earning and previous year dividend. The study concluded that dividend policy has a great impact on the share market price of publicly quoted oil and gas sector of the economy. The study recommended that firms should try all their possible best in improving their total earnings from each transaction year, since recent study reveals that it now has greater impact than any other factor in determining the market share value for Nigerian firms. Firms should strive to formulate a dividend policy that ensures continuity and stability in dividend payment as this has impacts on the value of the firm. Investors should be interested in understanding the components of the annual reports as a better understanding would lead to better and more profitable investment. Investors should not only rely on the annual report but should also strengthen their knowledge and understanding of their investment through newspapers, magazines, stock exchange market and even from advice of stock brokers.*

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### Introduction

Reliable study of dividend policy is seen to depict an essential pre-requisite for stock market valuation and growth. It is believed that efficient stock market

valuation which is an engine of economic growth explain why developed nations do not toy with their Share Market price valuation. This indeed explains the relevance of the share market prices and of corporate/financial reporting in today's emerging financial scenario in Nigeria. Investors require information about the Stock Market valuation to take informed investment decision. One of the ways this information is received is through published financial statements or accounting information released through other means.

Adequate stock market price information is essential for efficient functioning of capital markets and economic growth of Nigeria and any other nation. The development of stock market valuation is dependent on the integrity of Corporate/financial reporting process. It also depends on the company earnings per shares, dividend payout and other proxy variables. Deficient Stock Market valuation information generates little confidence and hence, low investment which invariably affects the economic growth. The timeliness, relevance, understandability and completeness of Stock Market information of any oil and gas company will increase the investors' confidence to commit their funds to it. This will lead to the viability of the Stock Market.

An adequate or vibrant capital market plays a crucial role in economic growth of any nation. It has been established through many studies that capital market performance defined by size, liquidity and integration has positively influenced economic growth Levine and Zervos (1996). The standard of living of a nation depends largely on local and foreign investments attracted into the country. It means that thriving financial sector is a key factor in improving the standard of living.

Dynamic or vibrant share market valuation has traditionally been viewed as a pointer to the economic growth. It is believed that share market prices which utterly affects capital market valuation plays a fundamental role in the economy growth of Nigeria oil and gas sector. Stock Markets in any economy, form the bedrock of economic growth Cardoso (2000); as such stock markets prices and valuation perform a crucial role in boosting economic growth.

Stock Market Valuations of oil and gas is a vital economic sector which must not be neglected because of its indispensable aid to rapid economic growth. As such, through its functions, the capital market enables both the government and industries to raise long-term capital for the financing of new projects, expansion and modernization of industrial concerns.

The increasing complexity or convolution of businesses today is evident on the problems of share price valuation which will affect the main objective of the firm to maximize its value through positive net present value investment.

### **Statement of the Problem**

Dividend policy is considered and still regarded as the significant monetary policies not only from the observation of the firm, but likewise from the once from stockholders, the regulatory firms, the consumers, the government and the company

staffs. The choice if or not the dividend plans can help to contribute to the company value remains something to debate on (Priya & Nimalathan, 2013). Additionally, dividend policy remains to be the main source of argument notwithstanding centuries of theoretic besides empirical study in both industrialized nations and developing economies (Modoran & Obreja, 2013). As such, the significance or insignificance of dividend as a factor of value formation has been contested deeply in review (Oladele, 2013). To date, dividend philosophies have been progressive with leaders taking sides with insignificance of dividend policies to the firm's value on one hand and significance on the other hand (Modoran & Obreja, 2013).

Recently the Nigerian Capital Market have been experiencing thinness of trading, low market capitalization, low turnover rates and illiquidity of the market which can be attributed to barriers to foreign investors bottlenecks in the clearing system, the "buy-and-hold" attitude of investors and the imposition of abnormal Share prices movements and amongst others. This has greatly affected the development of the capital market and to a large extent the development of the Nigeria financial sector. In Nigeria, more so the valuation of public quoted companies of oil and gas, which is the engine room of economic growth, is still underdeveloped and emerging and this therefore underpins the reason why this research is carried out.

### **Objectives of the Study**

The main objective of the study is to examine the effect of dividend policy on share valuation of public quoted oil and gas companies.

Specific objectives are as follows:

- I. to determine the extent to which Earning Per Share (EPS) affects share market price of publicly quoted oil and gas companies in Nigeria.
- II. to determine the extent to which Dividend Per Share (DPS) affects share market price of publicly quoted oil and gas companies in Nigeria
- III. to determine the extent to which Dividend Yield (DY) affects share market price of publicly quoted oil and gas companies in Nigeria
- IV. to determine the extent to which Dividend Payout (DP) affects share market price of publicly quoted oil and gas companies in Nigeria.

### **Research Questions**

The research questions for the study are:

- i. To what extent does earning per share affects share market price of publicly quoted oil and gas companies?
- ii. To what extent does dividend per share affects share market price of publicly quoted oil and gas companies?
- iii. To what extent does dividend yield affects share market price of publicly quoted oil and gas companies?

- iv. To what extent does dividend payout affects share market price of publicly quoted oil and gas companies?

### **Research Hypotheses**

The following research hypotheses are stated in null form:

- H<sub>01</sub>** Earnings per share has no significant effect on share market price of publicly quoted oil and gas companies.
- H<sub>02</sub>** Dividend per share has no significant effect on share market price of publicly quoted oil and gas companies.
- H<sub>03</sub>** Dividend yield has no significant effect on share market price of publicly quoted oil and gas companies
- H<sub>04</sub>** Dividend payout has no significant effect on share market price of publicly quoted oil and gas companies

### **Significance of the Study**

Generally, public quoted companies occupy a significant position in the economic equation of the country such that their performance invariably affects the economy of the country.

The findings of this research will significantly assist Investment Analyst, policy makers, Directors of Companies, Actual and Potential shareholders, management, academicians and Stake holders.

The conclusion reached from the study would form a useful springboard for making recommendations to users of accounting information, Government, Investors, the Nigerian Stock Exchange, Analysts and other researchers, Databank for future research work and Society at large. Hence, the study is very significant to sensitize the Nigerian Stock Market on the importance of accurate Stock or Share information to achieve both stock market development and economic growth.

### **Scope of Study**

The study covered a time span of five years running from 2011 to 2015. The study investigated 19 companies of the oil and gas sector of the Nigerian Stock Exchange Market (NSE). The Companies worked on are Addax Petroleum Plc, Chevron Oil Nigeria Plc, ConOil Nigeria Plc., Eterna Oil and Gas Plc, Exxon Mobil Nigeria Plc, Oando Plc, Total Nigeria Plc, Conoco Philip Shell Nig Plc, Afren Energy Resource, Camac Allied Energy, Equator Exploration, Capital oil Anino, International Beco, Petroleum Forte Product, Japaul Oil, Rak Unity Petroleum and Seplat Petroluem.

Review of Literature

### **Conceptual Framework**

The stock market (and its valuation) has become an essential market playing a vital role in economic prosperity fostering capital formation and sustaining economic growth. Stock markets are more than a place to trade securities; they operate as a facilitator between savers and users of capital by means of pooling of

funds, sharing risk, and transferring wealth. Stock markets and its valuations are essential for economic growth as they ensure the flow of resources to the most productive investment opportunities.

Stock prices change in stock markets on a daily basis. Moreover, during certain times of the year, it is easy to notice that stock prices appreciate every morning, and this may take place many times in one day for some stocks. This means that stock prices are determined by supply and demand forces influenced by corporate firm characteristics. There is no full proof system that indicates the exact movement of stock prices. However, the factors behind increases or decreases in the demand and/or supply of a particular stock could include company fundamentals, external factors, and market behavior.

Company's fundamental factors that affects as performance of the company are changes in board of directors, appointment of new management, and the creation of new assets, dividends, earnings, and external factors as government rules and regulations, inflation, and other economic conditions, investor behavior, market conditions, money supply, competition, uncontrolled natural or environmental circumstances as influencers of share prices.

### **Origin and Evolution of Corporate Dividend**

Dividend can be defined as the benefit investors derive on their stock of investment to compensate them for the risk they are undertaking and for the time value of their investment. According to the Institute of Chartered Accountants of India, dividend is "a distribution to shareholders out of profits or reserves available for this purpose." The term dividend refers to that portion of profit (after tax) which is distributed among the owners / shareholders of the firm. Dividend may also be seen as the return that a shareholder gets from the company, out of its profits, on his shareholdings. In other words, dividend is that part of the net earnings of a corporation that is distributed to its stockholders. It is a payment made to the equity shareholders for their investment in the company.

The Income Tax Act, 2011, defined dividend as any distribution of accumulated profits whether capitalized or not, if such distribution entails a release of assets or part thereof. Dividend is a reward to equity shareholders for their investment in the company. It is a basic right of equity shareholders to get dividend from the earnings of a company. Their share should be distributed among the members within the limit of an act and with rational behavior of director.

Dividend policy decision is concerned with the determination of the amount of corporate earnings (earnings after interest and tax) to be distributed in the form of dividend and how much to be retained within the company. Dividend policy can also be defined as the set of rules which guides management in the distribution of profit after tax to ordinary shareholders. Dividend policy is aimed at determining the proportion of current income which should be distributed as dividend. Dividend policy is concerned with the problem, which is better "the payment of dividends now or the retention of earnings for capital gain"? Or is there an optimum dividend

payout ratio that maximizes the combined value of dividends paid plus capital gain? Therefore, it is quite possible that some investors would prefer high payout companies while others may prefer low-payout companies.

The objective of dividend policy should be to maximize shareholders return by way of dividends and capital gains which absolutely affects the share market price or share valuation of publicly quoted firms. The higher the dividend paid the lower the retained earnings which would be needed to finance expansion and the higher the retained earnings the lower the dividend payment which is meant to increase the purchasing power of shareholders. Thus, the relationship between dividend and the value of share is not clear-cut. The financial manager must understand the various conflicting factors, which influence the dividend policy before deciding on the earnings.

Dividend policy determines the ultimate distribution of the firm's earnings between retention (that is reinvestment) and cash dividend payments of shareholders. Dividend policy must be evaluated in light of the objective of the firm namely, to choose a policy that will maximize the value of the firm to its shareholders.

It is the Board of Directors responsible to decide whether who pay dividend or retain earnings for future projects. It is a matter of conflict between shareholders and directors. Shareholders expect a quick return on their investment. On the other hand, directors have to consider a number of factors in determining dividend policy.

Investors must keep an eye on the company's dividend policy. For most companies, irregular earnings can be a warning signal against going concern. So can the refusal of Management to lower dividends when earnings fall or capital requirement rise. Companies with high dividend and rising debt may be borrowing money to pay shareholders.

The origin and evolution of corporate dividend is very key to this study. It started in the early sixteenth century when captains of sailing ships in Great Britain and Holland began selling to investor's claims to the financial payoffs of the voyages. At the conclusion of the voyages, proceeds from the sale of the cargo and shipping assets, if any were divided among the participants proportionate to ownership in the enterprise as per their capital contributions. These distributions were in fact nothing more like payments that effectively liquidated the venture, or liquidating dividends. By the end of the century, these claims on voyage outcomes began trading in the open market operations which were later replaced by share ownership.

Frankfurter and Wood (2010) concluded their survey with a text observation: "our conclusion, based on study, is that dividend-payment patterns (or what is often referred to as "dividend policy") of firms are a cultural phenomenon, influenced by customs, beliefs, regulations, public opinion, perceptions and hysteria, general economic conditions and several other factors, all in perpetual change, impacting different firms differently.



Dividend returns also have been a significant component of total stock returns, or dividends plus capital gains. It can be seen that while total returns have been erratic from year-to-year, dividend returns have been rather stable. An interesting article from the famous wall street journal written by Dorfman (2004) stated the text: "dividends get very little respect these days, and no wonder, for the past couple of years, they have accounted for only about 10% of stock-market investors' total returns. Capital gain is a better tax treatment to boost firm value and its taxation. For instance, market value can be determined by discounted expected after-tax cash flows. Hence, any differential tax treatment of capital gains relative to the dividends can influence after-tax returns of investors and, therefore, affect their demand for dividends. Whereas, taxes may affect managers' decision whether on the manner with dividends is paid out and, in turn, influence the supply of dividends. Furthermore, financial economists came to the conclusion that taxes have important influence on both personal investment decisions and corporate dividend decisions.

Next point of consideration will be dividend yield and risk-adjusted returns, by using an analogy of Capital Asset Pricing Model (CAPM) on a security's pre-tax excess return which is linearly and positively related to its systematic risk and to its dividend yield. In other words, a higher pre-tax return compensates investors for the tax disadvantage of dividends. On the whole, long-term capital gains are taxed at a lower rate than dividend income for many investors. Moreover, capital gains are not taxed until the gains are realized. Accordingly, the theory of Capital Asset Pricing Model (CAPM) suggests that long-term investors require a pre-tax rate of return premium to induce them to hold stocks paying dividends. Nevertheless, the question remains: why do stocks experiences higher pre-tax risk adjusted returns during ex-dividend periods? There was not found an exact answer to this question using CAPM framework. Thus, there is a good reason to believe that the time series return variation is linked to taxes.

### **Establishment of Dividend (Profit for Distributable)**

Dividends are intermittent cash payment by a company to its shareholders after deduction of interest and tax. The flow is that at the end of each financial year, each company determines its performance by establishing whether a profit has been made or not. When a company makes a profit, the company's board of directors will need to find out the level of the profit that is to be paid as dividend to equity holders and the form the dividend is to take. This takes us to the issue of dividend policy which is regarded as a set of rules which guides management of a firm in the distribution of profit to its ordinary shareholders. It entails whether dividend should be paid now or ploughed back for business values.

The role of the Financial Manager therefore is to strike a balance between dividend payout and retention of earnings. This is a very difficult task because shareholders have different and conflicting objectives – heterogeneous expectations – some will prefer steady flow of income while others will prefer capital gains arising from increased share prices.

Dividend policy is extremely important because of its effect on share values. A stable dividend policy is expected to lead to higher share prices because of the greater confidence of investors about future prospects of the company. The objective of a dividend policy should be to maximize the shareholders' return so that the value of his investment is maximized. Return consists of two components: dividends and capital gains. Dividend policy has a direct influence on these two components of return.

Despite the fact that the higher the dividend paid, the lower the retention, the two serve the same purpose of maximizing the shareholders' wealth. While retained earnings are used to finance expansion, dividend payment increases the purchasing power of the shareholders.

### **Dividend payment procedure**

Dividends are generally paid twice in a year i.e. Interim and final.

- i. **Declaration date:** is the date in which the board of directors announces forthcoming dividend.
- ii. **Date of record:** this designates when share transfer books are to be closed.
- iii. **Ex-div date:** this is the date when the shareholders register is closed for the transfer of shares. Purchase of shares after this date confers collection of dividend on the old owner or seller.
- iv. **Dividend notice:** this shows the amount of dividend payable after deducting appropriate withholding taxes.
- v. **Payment date:** this is the day dividend cheques are mailed out.

### **Types of Dividends**

Classifications of dividends are based on the form in which they are paid. The following below are the different types of dividends:

- i. Cash dividend.
  - ii. Bonus Shares referred to as stock dividend in USA.
  - iii. Special- dividend.
  - iv. Extra dividend.
  - v. Annual dividend and Interim Dividend
  - vi. Regular Cash dividend
  - vii. Scrip dividend
  - viii. Liquidating dividend
  - ix. Property dividend
- i. **Cash Dividend:** Most corporate organizations or companies mostly pay dividends in cash otherwise **called cash dividend**. Corporate organizations or companies should have enough cash in its Company's bank account when cash dividends are declared. Otherwise, pragmatic arrangements should be made to make for such liquidity inadequacies, preparing a cash budget for the coming period to indicate the necessary funds, which would be needed to meet the regular dividend payments of the corporate organizations or companies. It is



relatively complicated or easier said than done to make cash planning in anticipation of dividend needs when an unstable policy is followed. The cash account and the revenue reserve account of a company will be reduced when the cash dividend is paid. Thus, both the total assets and net worth or financial significance of the company will be reduced when the cash dividend is distributed to respective members. The market price of the share drops in most cases by the amount of the cash dividend distributed.

- ii. **Bonus Shares (or Stock -dividend in USA):** An issue of bonus share is the distribution of shares free of cost/charges to the existing shareholders, In Nigeria and India, bonus shares may be issued in addition to the cash dividend and not in lieu of cash dividend. Hence, Corporate Organizations or Companies in India may supplement and complement cash dividend by bonus issues. Issuing bonus shares increases the number of outstanding shares of the company. The bonus shares are dispersed or distributed proportionately to the existing shareholders. Hence there is no dilution of ownership. The declaration of the bonus shares will increase the paid-up Share Capital and reduce the reserves and surplus retained earnings) of the corporate organizations or companies. The total net-worth (paid up capital plus reserves and surplus) is not affected by the bonus issue. In fact, a bonus issue represents a recapitalization of reserves and surplus. It is merely an accounting transfer from reserves and surplus to paid up capital. The advantages of the bonus shares to shareholders are as follows:
  - i. **Tax benefit to shareholders:** One of the advantages of bonus shares to shareholders in the receipt of bonus shares is the beneficial treatment of such dividends with regard to income taxes. Succinctly put, the beneficiary is not subjected to tax.
  - ii. **There is an indication of higher future profits:** The issue of bonus shares is normally depicts higher profitability to beneficiaries.
  - iii. **The future dividends may increase:** when a Company has been following a policy of paying a fixed amount of dividend per share and maintain it after the declaration of the bonus issue, the total cash dividend of the shareholders will increase in the future.
  - iv. **Psychological Value:** The declaration of the bonus issue may have a positive psychological effect on shareholders. The receipt of bonus shares gives them a chance sell the shares to make capital gains without weakening their principal investment. They also connect or correlate it with the prosperity of the company.
- iii. **Special Dividend:** In extraordinary or special circumstances Companies declares Special dividends. Generally company declares special dividend in case of abnormal profits.
- iv. **Extra-Dividend:** An extra dividend is an extra or additional non-recurring dividend paid over and above the regular dividends by the company. Companies

with fluctuating earnings payout extra or additional dividends when their earnings warrant it, rather than fighting to keep a higher quantity of regular dividends.

- v. **Annual Dividend:** This is when annually a company declares and pay dividend. And Interim dividend is mostly effected during the year at any time company declares its dividend.
- vi. **Regular Cash Dividends:** Regular cash dividends are those the company exacts to uphold or maintain every year. They may be paid quarterly, monthly, semiannually or annually ex div.
- vii. **Scrip dividends:** This the payment of dividend to shareholders by way of additional shares in a company. It represents re-capitalization of the company's capital such that proportional ownership remains unchanged. It will increase the stock and percentage holding remain the same. It is simply the distribution of shares in lieu or in addition to the cash dividend which increase the number of shares of the company (increase equity share capital) but reduces the reserves and retained earnings thereby not affecting the total net worth. It simply represents a recapitalization of the owner's equity portion. These are promises to make the payment of dividend at a future date: Instead of paying the dividend now, the firm elects to pay it at some later date. The 'scrip' issued to stockholders is merely a special form of promissory note or notes payable.

### **The Nigerian Financial System**

The Nigerian financial system serves as a means to economic development which comprises various institutions, instruments and regulators. It as a set of rules, norms, standards and regulations and the summation of financial arrangements, institutions, agents, that interacts with each other and the rest of the world to foster economic growth and development in the nation.

The Nigerian Financial system is one of the most significant sector in the political economic system because it provides the necessary lubricant that keeps the wheels of the economy turning. This sector provides the funds needed for investment and also allocates these funds as efficiently as possible to those projects that provide or offer the best returns to fund owners. The financial system is made up of two major markets, the Money market and the capital market.

Money Market is a market for short term funds and the instruments traded include treasury bills, treasury certificates, commercial papers, certificate of deposit, options, financial futures, investment notes etc. the major participants in the Nigerian money market are the Federal government of Nigeria (FGN), Central bank of Nigeria (CBN), Discount houses, commercial banks and merchant banks.

Capital Market is a financial market in which long term funds or capital is bought and sold, lent or borrowed. It is a market place that is designed to bring the providers of capital and the users of capital with the sole aim of mobilizing long

term funds for investments (stock market). The Nigerian capital market is divided into the primary and the secondary market.

Primary market is one in which the new securities are issued by a company to investors. The returns of the offer go to the company. The mode of offer for these securities include offer for sale, rights issue, offer for subscription, private placement, stock exchange by introduction etc.

Secondary market is one in which existing securities are bought and sold after their issuance in the primary market.

An organized stock exchange market is a physical market place where agents of buyers and sellers operate through auction process, while an over the counter market encompasses all securities not traded on national organized exchanges. The capital market is classified into four major groups:

- i. **Fund provider:** Individuals, unit trust, insurance company etc.
- ii. **User of fund:** company and government.
- iii. **Intermediaries:** Stock firms, issuing house, registrars, audit firms etc.
- iv. **Regulators:** Federal Ministry of Finance, Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Stock Exchange employed at the capital market include.
- v. **Equities:** Ordinary shares and preference shares.
- vi. **Debt:** Government bonds (Federal, State and Local Government bonds). Industrial loans, debenture and bonds.

### **The Nigerian Stock Market Experience**

The Nigerian stock market is functioning as an intermediary to harness funds from the surplus unit of the economy to the deficit unit of the economy. The Nigerian stock exchange (NSE) being the apex institution established for this purpose was established in 1960 and has since experienced several transformation. In pursuance of economic development and growth, the government established the Securities and Exchange Commission in 1979 through the Securities and Exchange Commission decree which was later reenacted as the Securities and Exchange Commission decree no.29 in order to protect the investors and the development of the market.

The Nigerian financial sector saw further development like the establishment of the investment and securities act 1999 to ensure an efficient and viable capital market in meeting the economic and development needs of the nation. Moreover the global financial crisis in the USA has affected several capital markets of the world and the Nigerian Stock Exchange was not exempted.

The principal method for raising capital other than debt capital (issuing bonds and borrowing) is the sales of shares which are at a reasonably low cost to the company. The price at which a share is being sold is determined by the corporate firm characteristics which ultimately affects the volume of capital a company can raise from the stock market. As such the stock market has been perceived by many as the backbone of most contemporary economies.

The Nigerian stock market serves two critical links between companies that need short and long term funds to set up new businesses or to expand their current operations and investors that have excess funds to invest in such companies. It provides a regulated market place for buying and selling of shares at prices determined by supply and demand which is influenced by characteristics of the firm notwithstanding other macro-economic variables.

The financial sectors in Nigerian have experienced several transformations since the democratic dispensation of the third Republic in the year 1999. Part of these reformations was caused by the negative perception of corruption of the country in the international fora. These decrepit into countries warning their citizens and investors not to have anything to do with Nigeria, especially with regards to its financial institutions. The financial crisis actually commence in the United States in 2007 being aftermath of the mini principal mortgage lending crisis leading to the attendant credit squeeze in 2008 on a global scale causing severe economic and operational dislocations across the globe.

The effects of the crisis included fear of global recession, increased unemployment and inflation worries, African economies were wrongly considered to be relatively insulated from the contagion became very vulnerable as other regions.

The efficiency of the Nigerian capital Market has undoubtedly received attention as several techniques have been used by different studies to understand the efficiency of the Nigerian Capital Market.

### **Corporate Firm Growth and Share Price Determination**

The firms' growth opportunity cannot be left out in the study of firm value. The growth opportunity of the firm can be described as the growth of the total asset of the firm. The greater the growth opportunity of the corporate firm, the better their value. Most especially because it has a high potential of effectively diversifying their growth opportunity to further perform better. The volatility of individual firms and the negative relationship between changes in stock returns and variances stem from the fact that the relationship between volatility today and returns.

### **Corporate Firm Profitability and Share Price Determination**

Firm profitability constitutes a major indicator most sought for by investors in the capital markets, because it allows them to set their decisions about the firm value and that due to the limited usefulness of published accounts as a guide to future performance and in the absence of any other reliable information, investors rely on information disclosed in prospectus to make positive investment decisions. Profits forecasts constitute one of the primary disclosures in prospectus.

Subsequent research by Oyerinde (2011) observes a sample of 100 companies announcing special dividends over the period 1975 – 1994 based on Profitability. Daily data on share prices were obtained from the database of the Stock Exchange. The study indicates stock price reacts to increases in dividends,

showing that share price reactions are negatively related to dividend declaration frequency. This result suggests that market participants anticipate the announcements of special dividends by companies that have frequent declarations of such dividends. This, in turn, shows that request declaration of special dividends convey less information than infrequent declarations do.

Oyerinde (2011) iterates that share prices of firms listed on the Nigerian stock exchange are positive and significantly affected by Earnings while examining the aggregate market reaction to firm profitability. The findings of these studies provide strong support for Corporate Firm profitability is significantly related with share price determination.

### **Factors Affecting Dividend Decision**

There are a number of constraints affecting dividend decision regarding dividend payout:

- a. **Company Legal restrictions:** The dividend policy of the firm has to evolve within the legal framework and restrictions. The directors are not legally compelled to declare dividends. For example, the India Companies Act provides that dividend shall be declared or paid only out of the current profits or past profits after providing for depreciation. However, the Central Government is empowered to allow any company to pay dividend for any financial year out of the profits of the company without providing for depreciation. The Central Government shall give such relief only when it is in the public interest. The dividend should be paid in cash, but a company is not prohibited to capitalize profits or reserves (retained earnings) for the purpose of issuing fully paid bonus shares (stock dividend). It has been held in some legal cases that capital profits should not be distributed as dividends unless (i) the distribution is permitted by the company's Articles of Association and (ii) the profits have been actually realized. The legal rules act as boundaries within which a company can operate in terms of paying dividends. Acting within these boundaries, a company will have to consider many financial variables and constraints in deciding the amount of earnings to be distributed as dividends. Law allows the payment of dividend only out of distributable profits i.e.
  - ii. Profits arising from the use of the company's property although it is a wasting assets;
  - iii. Revenue reserves;
  - iv. Realized profit on a fixed asset sold, but where more than one asset is sold, the net realized profit on the assets sold; calculated on conventional accounting principles. It is forbidden to distribute dividend out of capital (sections 379 – 382 of CAMA).
- b. **Government Regulation:** government, through some guidelines restricts the amount of dividend payable to shareholders by restricting dividend payment to

a certain percentage of the profits after taxation. However, from 1988, dividend payment has been deregulated.

- c. **Statutory Requirements:** some companies are required to transfer a given percentage of their profit before/after tax to statutory reserves e.g. pioneer status, **Insurance companies:** Life -10% of PBT or 1% of total premium whichever is higher and Non life - 20% of PBT or 3% of total premium whichever is higher
- d. **Liquidity:** payment of dividend means cash flow. A company may have sufficient profits to declare dividend but insufficient cash to pay it. The cash position of the organization should be considered in dividend matters.  
It may however, sometimes borrow e.g. Bank overdraft, for this purpose. The payment of dividends means cash outflow. Although a firm may have adequate earnings to declare dividend, it may not have sufficient cash to pay dividends. Thus, the cash position of the firm is an important consideration in paying dividends; the greater the cash position and overall liquidity of a company, the greater will be its ability to pay dividends. A mature company is generally liquid and is able to pay large amount of dividends. It does not have much investment opportunities; much of its funds are not tied up in permanent working capital and, therefore, it has a sound cash position. On the other hand, growing firms face the problem of liquidity. Even though they make good profits, they continuously need funds for financing growing fixed assets and working capital. Because of the insufficient cash or pressures on liquidity, in case of growth firms, management may follow a conservative dividend policy.
- e. **Share valuation:** it has become part of the stock market that investors favour a company if its dividends are basically stable over time. A gentle upward movement is to be desired but violent fluctuations in either direction are not. These factors often lead many companies to adopt a very cautious dividend policy.
- f. **Internal re-investment opportunities:** if external finance is not available or available only by incurring significant transaction costs then the payment of dividends may mean foregoing worthwhile investment opportunities. Dividend may have to be restricted to provide financing for such investments.
- g. **Loan redemption:** if loans/preference share capital are due for redemption, this will require funds and might cause a reduction in the level of dividend payout.
- h. **Taxation:** when the majority of shareholders are in the high income bracket, they will prefer to receive returns in the form of capital profit such as bonus as they have to pay a high rate of tax on dividend income; but when shareholders mainly consist of small investors in low tax income bracket they are pleased to receive annual returns as high as can be justifiably expected since the taxation angle does not concern them to such an extent.



- i. **Level of inflation:** investors sometimes expect dividends to increase at least in line with the level of inflation. Also, in a world of increasing inflation or increase in purchasing power of Naira it is better to articulate the value of dividend to be pay and its effects on the Market share prices globally. When prices rises, funds set aside will equal depreciate and would not be adequate to replace assets or to maintain the capital intact. Consequently, to maintain the capital intact and preserve their earnings power, firm's earnings may avoid paying dividends. On the contrary, some companies may follow a policy of paying more dividends during high inflation in order to protect the shareholders from the erosion of the real value of dividends. Companies with falling or constant profits may not able to follow this policy.
- j. **Dividend policy of similar companies:** when deciding on their dividend policy, companies tend to follow a similar policy of that of similar companies.
- k. **Financial condition and borrowing capacity** The financial condition or capability of a firm depends on its use of borrowings and interest charges payable. A high degree of financial leverage makes a company quite vulnerable to changes in earnings, and also, it becomes quite difficult to raise funds externally for financing its growth. A highly levered firm is, therefore, expected to retain more to strengthen its equity base. However, a company with steady growing earnings and cash flows and without much investment opportunities, may follow a high dividend payment policy in spite of high amount of debt in its capital structure. A growth firm lacking liquidity may borrow to pay dividends. But this is not a sound policy. This will adversely affect the firm's financial flexibility. Financial flexibility includes the firm's ability to access external funds at a later date. The firm may lose the flexibility and capacity of raising external funds to finance growth opportunities in the future.
- l. **Access to the capital market:** A company that is not sufficiently liquid can still pay dividends if it is able to raise debt or equity in the capital markets. If it is well established and has a record of profitability, it will not find much difficulty in raising funds in the capital markets. Easy accessibility to the capital markets provides flexibility to the management in paying dividends as well as in meeting the corporate obligations. A fast growing firm, which has a tight liquidity position, will not face any difficulty in paying dividends if it has access to the capital markets. A company that does not have sound cash position and it is also unable to raise funds, will not be able to pay dividends. Thus, the greater the ability of the firm to raise funds in the capital market, greater will be its ability to pay dividends even if it is not liquid.
- m. **Restrictions in loan agreements:** Lenders may generally put restrictions on dividend payments to protect their interests when the firm is experiencing low liquidity or low profitability. As such the firms aggress, as part of a contract with

a lender, to restrict dividend payments. For example, a loan agreement may prohibit payment of dividends as long as the firm's debt-equity ratio is in excess of, say, 1.5:1 or when the liquidity ratio is less than, say, 2:1 or may require the firm to pay dividends only when some amount of current earnings has been transferred to a sinking fund established to retire debt. These are some of the examples of the restrictions put by lenders on the payment of dividends. When these restrictions are put, the company is forced to retain earnings and have a low payout.

- n. **Control:** The objective of maintaining control over the company by the existing management group or the body of shareholders can be an important variable in influencing the company's dividend policy. When a company pays large dividends, its cash position is affected. As a result, the company will have to issue shares to raise funds to finance its investment programmes. The control of the existing shareholders will be diluted if they do not want or cannot buy additional shares. Under these circumstances, the payment of dividends may be withheld and earnings may be retained to finance the firm's investment opportunities.
- o. **Stability of Earnings:** the nature of business has an important bearing on the dividend policy. Industrial units having stability of earnings may formulate a more consistent dividend policy than those having an uneven flow of incomes because they can predict easily their savings and earnings. Usually, enterprises dealing in necessities suffer less from oscillating earnings than those dealing in luxuries or fancy goods.
- p. **Age of Corporation:** age of the corporation counts much in deciding the dividend policy. A newly established company may require much of its earnings for expansion and plant improvement and may adopt a rigid dividend policy while, on the other hand, an older company can formulate a clear cut and more consistent policy regarding dividend.
- q. **Past Dividend Rates:** while formulating the dividend policy, the directors must keep in mind the dividend paid in past years. The current rate should be around the average past rate. If it has been abnormally increased the shares will be subjected to speculation. In a new concern, the company should consider the dividend policy of the rival organization.
- r. **Ability to Borrow:** well established and large firms have better access to the capital market than the new companies and may borrow funds from the external sources if there arises any need. Such companies may have a better dividend pay-out ratio. Whereas smaller firms have to depend on their internal sources and therefore they will have to build up good reserves by reducing the dividend payout ratio

## **The Theoretical Review**

### **Efficient Market Hypothesis**

The efficient markets hypothesis (EMH), popularly known as the Random Walk Theory, is the proposition that current stock prices fully reflect available information about the value of the firm, and there is no way to earn excess profits, (more than the market overall), by using this information. It deals with one of the most fundamental and exciting issues in finance why prices change in security markets and how those changes take place.

Efficient market hypothesis means that the stock market reacts immediately to all information that is available. Thus a long term investor cannot make higher than normal average returns from a well-diversified share portfolio. This explains why share prices will behave randomly where all information about the company's earnings are freely or cheaply available to all shareholders in the market.

It is based on the following assumptions;

- i. Share prices change quickly to reflect all relevant information available
- ii. No single individual dominates the market
- iii. Free entry and free exit.
- iv. Transaction cost is so low thereby encouraging arbitrage
- v. Information is cheaply available.

It has very important implications for investors as well as for financial managers. Fama (1970) sees an efficient market, as one that reflects full effects of new information on intrinsic values to be reflected instantaneously in actual prices. Many investors try to identify securities that are undervalued, and are expected to increase in value in the future, and particularly those that will increase more than others. Many investors, including investment managers, believe that they can select securities that will outperform the market. They use a variety of forecasting and valuation techniques to aid them in their investment decisions. Obviously, any edge that an investor possesses can be translated into substantial profits.

The efficient market hypothesis is associated with the idea of a random walk, which is a term loosely used in the finance literature to characterize a price series where all subsequent price changes represent random departures from previous prices. The logic of the random walk idea is that if the flow of information is unimpeded and information is immediately reflected in stock prices, then tomorrow's price change will reflect only tomorrow's news and will be independent of the price changes today.

Impact of efficiency on share prices is that if the stock market is efficient share prices will vary in a rational way i.e. if a company makes an investment with positive net present value the investors will get to know about it and the market price will rise in anticipation of the future dividend growth but if a bad investment is made the share price will fall. If the interest rates rise shareholders will want a higher return from their investment so market prices fall.

In literature, a distinction is made between three potential levels of efficiency weak, semi-strong and strong each relating to a specific set of information which is increasingly more comprehensive than the previous one. The market is efficient in

the weak sense if share prices fully reflect the information implied by all prior price movements. Price movements, in effect, are totally independent of earlier movements. Consequently, investors are unable to profit from studying charts of past prices. In addition, efficiency at the weak level rules out the validity of trading rules designed to produce above-average returns. The weak form of efficiency has also been designated in literature according as random walk hypotheses.

In the semi-strong form, the information set comprises of publicly available information. The implication of market being efficient in the semi-strong sense is that it would be rather futile for investors to search for bargain opportunities (i.e., mispriced shares) from an analysis of published data. The market is efficient in the strong sense if shares fully reflect not only published information, but also all relevant information including information not yet publicly available.

Henry Markowitz established that the information available at any point in time determines the share value and that the market will become more efficient if the necessary information is made available to investors. He said that market participants quickly digest the contents of any new information which compels them to change their opinion of the security's intrinsic value and their subsequent actions will rapidly cause an equivalent change in the security's market value (EMH).

He believes that the behavior of shares value can be explained in three forms depending upon the extent of information deemed available to the market participants. Weak, Semi-strong and Strong market.

#### **Weak form efficiency/market**

Share prices reflect all available information about past changes in the share price. This hypothesis implies that past rates of return and other historical data have no relationship with future rates of return (rates of return are independent). Since new information arrives unexpectedly changes in share prices will also occur randomly and so the chartist or technical analyst cannot make above normal returns as the information upon which prediction is to be made is already incorporated in the share price.

Under Strong form efficiency, Current share prices reflect all information both from public and private sources. It assumes that, current share prices reflect the information from past price changes public knowledge or anticipation and from specialist or experts inside knowledge (e.g investment managers). It believes that no group of investors should be able to consistently derive above average risk-adjusted return. It assumes a perfect market in which all information is cost free and available to everyone at the same time.

#### **Dividend Supremacy/Relevancy Theory**

The proponents of this theory, especially professor James E. Walter and M.J. Gordon at about the year 1959 argued that dividends were all that mattered in the determination of share prices Pandy (2010). This is based on the fundamental theory of share values. It assumes:-

- i. The market value of a company's shares depends on
  - a) The size of dividends paid
  - b) The growth rate in dividends and
  - c) The shareholders' required rate of return.
- ii. The growth rate in dividends depends on how money reinvested in the company, and so on the rate of earnings retention.
- iii. Shareholders will want their company to pursue a retentions policy that maximizes the value of their shares. Dividends, earnings and stock prices, Myron Gordon provided some empirical data to support the dividend supremacy hypothesis and the effect of dividend payout ratios on price earnings ratios. This according to him was conclusive evidence that equity stock value derived from dividends. The dividend supremacy argument has good deal of practical appeal. Basically, an investor who plans to hold his shares in perpetuity expects nothing other than dividends. Such an investor would be naïve to ignore payout possibilities in his assessment.

On the evolution of dividend distributions, Frankfurter and Wood (2010) observed the following: "our conclusion, based on this study, is that dividend payment patterns of firms are a cultural phenomenon, influenced by customs, beliefs, regulations, public opinions, perceptions and hysteria, general economic conditions and several other factors, all in perpetual change, impacting different firms differently. Accordingly, it cannot be modeled mathematically and uniformly for all firms at all times."

If dividends are irrelevant as proposed by m and m, then the dividend enigma deepens as companies continue to pay dividends when instead, companies could have retained earnings, the cheapest form of financing, to invest in profitable future NPV investments. The dividend relevance theory relaxes the assumption of perfect capital markets and rational investors. It analyses, empirically, the behavior patterns of dividend distributions and their effects on the value of the firm. In the real-world, market frictions are not costless and at most investors do not always act rationally Ronald *et al.*, (2000).

The dividend relevance theory was also seen as a reaction to the dividend irrelevance theory that stated, under conditions of certainty and uncertainty, that changes in dividend policy do not affect firm value. Pioneers of the dividend relevance theory argued that shareholders prefer dividends to capital gains. Fundamental to this proposition is their bird-in-the-hand argument, which suggest that investors are generally risk-averse and attach less risk to current as opposed to future dividends or capital gains; current dividend payments are therefore believed to reduce investor uncertainty, causing investors to discount the firms earnings at a lower rate, thereby - all else being equal - placing a higher value on the firm.

Investigation and analysis shows that dividends are "sticky", in the sense that they are slow to change, and lag behind the shifts in earnings by more than one period. In addition, many firms appear to use target payout ratios as a decisional rule in

establishing dividend policy. states that firms tend to approach the dividend decision by querying whether or not the existing dividend decision rate should be they based their argument on the fundamental theory of share value which states that the market value of a company's share depends on the size of dividend, growth rate in dividend and shareholders required rate of return.

The growth rate in dividend according to Gordon depends on how money reinvested in the company affects the rate of return (growth rate = return on equity x retention ration).

The dividend supremacy theory is supported by the following arguments

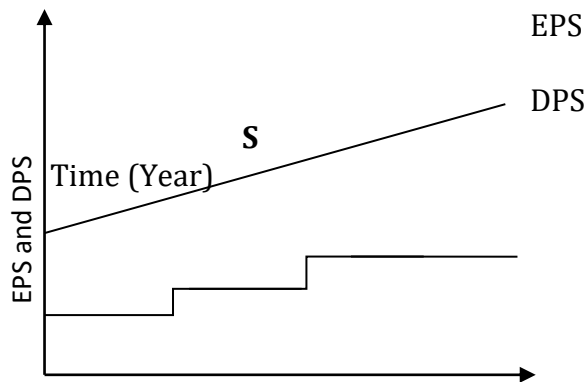
- i. **Information Value Argument:** which states that dividend policy has image making potential which creates a positive or negative information which is capable of influencing the market price of the company.
- ii. **Certainty Argument:** state that investors believe that dividend recue the risk of uncertainty compared to capital gain and of the payment or non payment of dividend may influence the market price.
- iii. **Clientele Argument:** states that the dividend policy of a firm attracts an identifiable class of investors to it and so any diversion might influence the share value.
- iv. **Taxation Argument:** the tax rate on dividend income is different from capital gains and so is likely to influence the kind of investors in a company which may in turn influence the share price in line with the investor's preference.
- v. **Capital Rationing Arguments:** the payment of dividend when cash flow available is not enough to finance viable investments may affects the share value of the company i.e. Shareholders wealth where the opportunity cost of foregoing the project exceeds the dividend paid.
- vi. **Asymmetric Information:** states that managers and shareholders have different and incomplete information. Managers do not know how shareholders will react to dividend change likewise shareholders do not know how managers are performing inside and sol dividends acts as a bridge to the communication gap.
- vii. **Signaling Properties of Dividend:** dividends are presented as signals from managers to shareholders and financial markets. Dividends announcement signals the companies' prospects to the public.
- viii. **Bird in Hand Argument:** arises from the existence of uncertainty. This says that investors prefer a naira dividend that is certain to a naira capital gain which is uncertain meaning that a company with high payout ratio is referred to as less risky and so higher confidence by investors which may affect then share value.

### **Constant Dividend per Share or Dividend payout Rate**

Most companies announce dividend as a percent of the paid-up capital per share. This can be converted into dividend per share. A number of companies in



India follow the policy of paying a fixed rate on paid-up capital as dividend every year, irrespective of the fluctuations in the earnings. This policy does not imply that the dividend per share or dividend rate will never be increased. When the company reaches new levels of earnings and expects to maintain them, the annual dividend per share (or dividend rate) may be increased. The relationship between earnings per share and the dividend per share under this policy is shown in figure below.



### **The Miller-Modigliani (MM) Theory**

According to Miller and Modigliani (MM), under a perfect market situation, the dividend policy of a firm is irrelevant, as it does not affect the value of the firm. They argue that the value of the firm depends on the firm's earnings that result from its investment policy. Thus, when investment decision of the firm is given, dividend decision- the split of earnings between dividends and retained earnings- is of no significance in determining the value of the firm.

A firm, operating in perfect capital market conditions, may face one of the following three situations regarding the payment of dividends:

- a) The firm has sufficient cash to pay dividends.
- b) The firm does not have sufficient cash to pay dividends, and therefore, it issues new shares to finance the payment of dividends.
- c) The firm does not pay dividends, but shareholders need cash.

In the first situation, when the firm pays dividends, shareholders get cash in their hands, but the firm's assets reduce (its cash balance declines). What shareholders gain in the form of cash dividends, they loss in the form of their claims on the (reduced) assets. Thus, there is a transfer of wealth from one shareholders' pocket to another pocket. There is no net gain or loss. Since it is a fair transaction under perfect capital market conditions, the wealth of shareholders will remain unaffected.

In the second situation, when the firm issues new shares to finance the payment of dividends, two transactions take place. First, the existing shareholders get cash in the form of dividends, but they suffer an equal amount of capital loss since the value of their claim on assets reduces. Thus, the wealth of shareholders does not change. Second, the new shareholders part with their cash to the company

in exchange for new shares at a fair price per share. The fair price per share is the share price before the payment of dividends less dividend per share to the existing shareholders. The existing shareholders transfer a part of their claim (in the form of new shares) to the new shareholders in exchange for cash. There is no net gain or loss. Both transactions are fair, and thus, the value of the firm will remain unaltered after these transactions.

In the third situation, if the firm does not pay any dividend a shareholder can create a home-made dividend by selling a part of his/her shares at the market (fair) price in the capital market for obtaining cash. The shareholder will have less number of shares. He or she has exchanged a part of his claim on the firm to a new shareholder for cash. The net effect is the same as in the case of the second situation. The transaction is a fair transaction, and no one loses or gains. The value of the firm remains the same, before or after these transactions.

The crux of the MM dividend hypothesis, as explained above, is that shareholders do not necessarily depend on dividends for obtaining cash. In the absence of taxes, flotation costs and difficulties in selling shares, they can get cash by devising "home-made dividend" without any dilution in their wealth. Therefore, firms paying high dividends (i.e. high-payout firms), need not command higher prices for their shares. A formal explanation of the MM hypothesis is given in the following pages.

MM's hypothesis of irrelevance is based on the following assumptions:

- i. **Perfect capital markets** The firm operates in perfect capital markets where investors behave rationally, information is freely available to all, and transactions and flotation costs do not exist. Perfect capital markets also imply that no investor is large enough to affect the market price of a share.
- ii. **No taxes:** Taxes do not exist; or there are no differences in the tax rates applicable to capital gains and dividends. This means that investors value a rupee of dividend as much as a rupee of capital gains.
- iii. **Investment policy** the firm has a fixed investment policy.
- iv. **No risk:** Risk of uncertainty does not exist. That is, investors are able to forecast future prices and dividends with certainty, and one discount rate is appropriate for all securities and all time periods.

### **Empirical Review**

The earliest major attempt to explain dividend behavior of companies has been credited to John Lintner in 1956 who conducted his study on American Companies in the middle of 1950s as contain in Musa (2009). Since then there has been an ongoing debate on dividend policy in the developed markets resulting in mixed, controversial and inconclusive results.

Adelegan (2001) in a more recent study of the impact of growth prospect, leverage and firm size on dividend behavior of corporate firms in Nigeria between 1984 - 1997; observed that the conventional Lintner's model does not perform

quite creditably in explaining the dividend behaviour of corporate firms for the period under review. Supports that factors that mainly influenced the dividend policy quoted firms are after tax earnings, economic policy changes (due to the partial liberation of the indigenization decree in 1989 and the subsequent simultaneous abolition of the indigenization decree of 1995), firm growth potentials and long term debts.

However, Adesola (2004) in his study of dividend policy behaviour in Nigeria using Lintner's model as modified by Brittan between 1996 –2000 appears to agree with Oyejide and Nyong's view that there is substantial and unequivocal support for the Lintner's model.

Hussainey *et al.*, (2010) examined the relationship between dividend policy and the share price volatility in the UK Stock during the period 1998 to 2007 by using Multiple Regression Analysis. The results indicated that a significant negative relationship between the payout ratio of a firm and the volatility of its stock price and a positive relationship between dividend yield and the volatility of stock price. The overall findings suggest that the higher the payout ratio the less volatile a stock price would be. That payout ratio is the main determinant of the volatility of stock price.

Salih (2010) examined the empirical relationship between dividend policy and firm's value. The results show that the firm's market value is affected by its dividend policy which is in line with Gordon while inconsistent with Miller and Modigliani

## **Methodology**

### **Research Design**

Ex post facto research design was used in this research. Ex post facto research design research suggests linkages between variables by observing existing phenomena and then searching back through available data in order to try to identify plausible relationships. It was concerned with determining cause and effect relationship and to understand which variable is dependent and which is independent. This research design was the best in explaining if two variables are related or if they vary. This was established by use of enough information and data for testing cause and effect relationship, aimed to determine the effect of corporate social responsibility reporting on performance of money deposit banks in Nigeria and the empirical evidences that help answer the research objective.

### **Population of Study**

The data for this thesis is (are) derived from secondary sources. Pool of data were extracted from publication of the Nigerian stock exchange (NSE) fact book, annual reports of the companies for the period under consideration and the individual annual reports of the oil and gas se. The sample data used contains all the nineteen (19) companies of oil and gas companies quoted on the Nigerian stock exchange.

## Sample and Sampling Method

The approach of sample selection procedure employed by this research study is the sector of Oil and Gas, unbiased, the sample size was nineteen Companies of Oil and Gas embracing all the companies in the sector.

## Sources of Data

The data for the study is obtained via secondary data from the annual financial reports of public quoted oil and gas companies in Nigeria (2011 to 2015)

## The Research Design

The study adopted the inductive and empirical methodological framework. This research investigates the impact of dividend policy on share market prices of oil and gas listed companies on the Nigerian stock and Exchange (NSE).

## Data Analysis Techniques

The study adopted the inductive and empirical methodological framework. The data obtained was tabulated and statistically analysed using e-view. The validation was done by applying the F-value to check the significant effect of the independent variables on the dependent variable. The t-statistics was employed to find out the statistical significance of the coefficients of the independent variable. On the basis of the traditional criteria, the coefficient was checked against the expected signs, the values of the  $R^2$  and the ratios of the estimated coefficients to their respective standard errors. As usual, the  $R^2$  measures the goodness of fit and the presence of the first order serial correlation was detected through an examination of the Durbin Watson (D/W) statistics.

## Model specification

The simple regression model was used in the study and stated as follows:

$$\text{Model 1: } \text{SMP} = \mathbf{B}_0 + \mathbf{B}_1\text{EPS} + u$$

$$\text{Model 2: } \text{SMP} = \mathbf{B}_0 + \mathbf{B}_1\text{DPS} + u$$

$$\text{Model 3: } \text{SMP} = \mathbf{B}_0 + \mathbf{B}_1\text{DY} + u$$

$$\text{Model 4: } \text{SMP} = \mathbf{B}_0 + \mathbf{B}_1\text{DPO} + u$$

Where:

SMP = Share Market Price

EPS = Earnings per Share

DPS = Dividend per Share

DY = Dividend Yield

DPO = Dividend Payout

$B_0$  = Unknown Constant to be Estimated

$B_1$  = Unknown Coefficients to be Estimated

$u$  = Stochastic Error Term

## The 'a priori expectations for the models, are:

Model one:  $\beta_1 > 0$ ; implying that the higher the EPS, the higher the share market price,

Model two:  $\beta_1 > 0$ ; implying that the higher the DPS, the higher the share market price

Model three:  $\beta_1 > 0$ ; implying that the higher the DY, the higher the share market price

Model four:  $\beta_1 >$  implying that the higher the DPO, the higher the share market price. The dependent variable is Share Market Price (SMP) which will be positively affected by Earning Per Share (EPS), Dividend Per Share (DPS), Dividend Yield (DY), Dividend Payout (DP)

### Data Presentation, Results and Discussions of Findings

**Table 4.1: Cumulative data on dividend policy and share valuation of oil and gas companies (2011 -2015)**

COMPANY	EPS	DPS	DPO	DY	SMP
Addax Petroleum Plc.	931	46	0.2651	0.329367	787.8
Chevron Oil Nigeria Plc.	1058	32	0.1586	0.239621	722.8
ConOil Nigeria Plc.	1083	32	0.1809	0.466998	501.7
Eterna Oil and Gas Plc.	1362	27	0.1987	0.274702	493.5
ExxonMobil Nigeria Plc.	1106	31	0.2085	0.146585	1127.4
Oando Plc.	1471	20	0.0737	0.139745	738.2
Total Nigeria Plc.	1147	20	0.0868	0.113854	896.6
Conoco Philip	1999	23	0.0644	0.307711	378.5
Shell Nig Plc	1658	27	0.0829	0.16096	837.8
Afren Energy Resource	2328	24	0.0726	0.275993	436.9
Camac Allied Energy	2103	30	0.0747	0.345327	442.5
Equator Exploation	1864	19	0.0603	0.180666	518.5
Capital oil	1781	25	0.0872	0.236244	535.2
Anino International	1856	27	0.1012	0.274001	466.4
Beco Petroleum	2231	23	0.0586	0.27354	421.1
Forte Product	1964	30	0.205	0.222282	674.9
Japaul Oil	1399	40	0.1736	0.454633	447.2
Rak Unity Petroleum	1276	26	0.1324	0.216666	617.4
Seplat Petroluem	1502	31	0.1091	0.49011	321.6

**Source:** Oil and Gas companies' Annual reports 2011-2015

**Table 4.2: Earnings per share and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien t	Std. Error	t-Statistic	Prob.
C	-3872.511	1088.645	-3.557	.001

EPS	160.414	63.387	2.531	.016
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.837349			
Adjusted R-squared	0.701123			
F-statistic	21.70300	Durbin-Watson stat		1.6780
Prob(F-statistic)	0.000000			

Source: E-views 9 Computation, 2020

**Table 4.3: Dividend per share and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien t	Std. Error	t-Statistic	Prob.
C	160.414	63.387	2.531	0.0160
DPS	916.418	116.008	7.900	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.873536			
Adjusted R-squared	0.800140			
F-statistic	25.20131	Durbin-Watson stat		2.315540
Prob(F-statistic)	0.000000			

Source: E-views 9 Computation, 2020.

**Table 4.4: Dividend payout and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien t	Std. Error	t-Statistic	Prob.
C	-0.84870	1.927321	0.430060	0.6700



DPO	-0.09232	0.011501	-0.801090	0.4280
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.501543			
Adjusted R-squared	0.409065			
F-statistic	0.800002	Durbin-Watson stat		2.112010
Prob(F-statistic)	0.912000			

Source: E-views 9 Computation, 2020

**Table 4.5: Dividend yield and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.001	0.00001	-0.153050	0.2470
DY	0.03002	0.00081	7.107080	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.874043			
Adjusted R-squared	0.836015			
F-statistic	23.07302	Durbin-Watson stat		1.941010
Prob(F-statistic)	0.000000			

Source: E-views 9 Computation, 2020

**Data Analysis**

Table 4.1 showed the cumulative data on dividend policy and market valuation of the selected oil and gas companies used for the year 2011 to 2015.

The regression results were presented in tables 4.2 to 4.5. The regression tables contain the estimated Pearson Correlation, Standard Errors, t-value and the Coefficient of determination coefficient are arranged vertically for hypotheses four and eight. The t-value is calculated using a two tailed test. The level of significance of 5 percent is used. For 5 percent level of significance, this means that there are 5

chances in 100 that the hypothesis tested would be rejected when they should actually have been accepted, which invariably means that the study has 95 percent confidence that the result is not due to chance. The standard error of the estimated parameter indicates how much the estimated parameter is likely to be affected by random factors. The t-value of the estimated coefficient measures how large the value of estimated coefficient is relative to its standard error (Kothari, 2012).

Other necessary statistics are equally presented, namely the coefficient of determination ( $R^2$ ), the adjusted  $R^2$  and F-statistic. The  $R^2$  measures the goodness of fit of the regression equation, that is, it gives the proportion or percentage of the total variation in the dependent variable explained by the explanatory variables. Adjusted  $R^2$  is a better goodness of fit as it adjusts for increasing  $R^2$  when a new explanatory variable is added to the model. The F-statistic is used to test whether the regression equation taken as a whole, does significantly explain the variation in the dependent variables.

**Table 4.2** shows the results between earnings per share and share market price using ordinary least square method. The results showed that the estimated coefficient of the regression parameter have a positive sign and thus conform to our a-priori expectation. The implication of this sign is that the dependent variable Share Market Price (SMP) is positively affected by Earning Per Share (EPS). The coefficient of determination R-square of 0.837 implied that 83.7% of the sample variation in the dependent variable Share Market Price (SMP) is explained or caused by the explanatory variable while 12.3% is unexplained. This remaining 12.3% could be caused by other factors or variables not built into the model. The high value of R-square is an indication of a very good relationship between the dependent variable Share Market Price (SMP) and independent variable Earning Per Share (EPS). The value of the adjusted  $R^2$  is 0.701. This shows that the regression line which captures 70.1 percent of the total variation in Share Market Price (SMP) is caused by variation in the explanatory variable specified in the model with 29.1 per cent accounting for the stochastic error term. The F-statistic was also used to test the overall significant of the model. The F-value of 21.7030 is an indication that the model is statistically significant at 5 percent level of significant at degree of freedom  $df_1 = 1$  and  $df_2 = 3$ . Finally, the test of autocorrelation using DW test shows that the D.W value of 1.6780 falls within the inconclusive region of DW partition curve. Hence, the study can clearly say that there exists a degree of autocorrelation.

**Table 4.3** shows the results between dividend per share and share market price using ordinary least square method. The results showed that the estimated coefficient of the regression parameter also have a positive sign and thus conform to our a-priori expectation. The implication of this sign is that the dependent variable Share Market Price (SMP) is positively affected by Dividend Per Share (DPS). The coefficient of determination R-square of 0.873 implied that 87.3% of the sample variation in the dependent variable Share Market Price (SMP) is explained or caused by the explanatory variable while 12.7% is unexplained. This remaining 12.7%

could be caused by other factors or variables not built into the model. The high value of R-square is an indication of a very good relationship between the dependent variable Share Market Price (SMP) and independent variable Dividend Per Share (DPS). The value of the adjusted  $R^2$  is 0.800. This shows that the regression line which captures 80 percent of the total variation in Share Market Price (SMP) is caused by variation in the explanatory variable specified in the model with 20 per cent accounting for the stochastic error term. The F-statistic was also used to test the overall significant of the model. The F-value of 25.201 is an indication that the model is statistically significant at 5 percent level of significant at degree of freedom  $df_1 = 1$  and  $df_2 = 3$ . Finally, the test of autocorrelation using DW test shows that the D.W value of 2.315 falls within the conclusive region of DW partition curve. Hence, the study can clearly say that there exists no degree of autocorrelation.

**Table 4.4** shows the results between dividend payout and share market price using ordinary least square method. The regression results showed that the estimated coefficient of the regression parameter have a negative sign and thus negates our a-priori expectation. The implication of this sign is that the dependent variable Share Market Price (SMP) is inversely affected by dividend payout (DPO). The coefficient of determination R-square of 0.5015 implied that 50.2% of the sample variation in the dependent variable Share Market Price (SMP) is explained or caused by the explanatory variable while 49.8% is unexplained. This remaining 49.8% could be caused by other factors or variables not built into the model. The low value of R-square is an indication of a partial relationship between the dependent variable Share Market Price (SMP) and independent variable dividend payout (DPO). The value of the adjusted  $R^2$  is 0.409. This shows that the regression line which captures approximately 41 per cent of the total variation in Share Market Price (SMP) is caused by variation in the explanatory variable specified in the model with over 59 per cent accounting for the stochastic error term. The F-statistic was also used to test the overall significant of the model show a low F-value of 0.800. This indicate that the model is statistically insignificant at 5 percent level of significant at degree of freedom  $df_1 = 1$  and  $df_2 = 3$ . Finally, the test of autocorrelation using DW test shows that the D.W value of 1.266 falls within the inconclusive region of DW partition curve. Hence, the Researcher can clearly say that there exists a degree of autocorrelation.

**Table 4.5** shows the results between dividend yield and share market price using ordinary least square method. The regression results showed that the estimated coefficient of the regression parameter have a positive sign and thus corroborate our a-priori expectation. The implication of this sign is that the dependent variable Share Market Price (SMP) is positively affected by dividend yield (DY). The coefficient of determination R-square of 0.8740 implied that 87.4% of the sample variation in the dependent variable Share Market Price (SMP) is explained or caused by the explanatory variable while 12.6% is unexplained. This

remaining 12.6% could be caused by other factors or variables not built into the model. The high value of R-square is an indication of a partial relationship between the dependent variable Share Market Price (SMP) and independent variable dividend payout (DY). The value of the adjusted R<sup>2</sup> is 0.8360. This shows that the regression line which captures approximately 83 per cent of the total variation in Share Market Price (SMP) is caused by variation in the explanatory variable specified in the model with over 59 percent accounting for the stochastic error term. The F-statistic was also used to test the overall significant of the model show a High F-value of 23.07302 This indicate that the model is statistically significant at 5 percent level of significant at degree of freedom df1= 1 and df2= 3. Finally, the test of autocorrelation using DW test shows that the D.W value of 1.94101 falls within the inconclusive region of DW partition curve. Hence, the study can clearly say that there exists a degree of autocorrelation.

### Test of hypotheses

#### Hypothesis one

**H<sub>0</sub>:** Earnings per share have no significant effect on share market price.

**H<sub>1</sub>:** Earnings per share have significant effect on share market price.

**Table 4.2: Earnings per share and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien t	Std. Error	t-Statistic	Prob.
C	-3872.511	1088.645	-3.557	.001
EPS	160.414	63.387	2.531	.016
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.837349			
Adjusted squared	R- 0.701123			
F-statistic	21.70300	Durbin-Watson stat	1.6780	
Prob(F-statistic)	0.000000			

Source: E-views 9 Computation, 2020

In respect to the first hypothesis, the study e the examines the existence of statistical effect between Earnings Per Share and Share Market Price. From table 4.2, the result shows that the estimated t-values for EPS Stood at 2.531. This can be confirmed to be greater than the critical value of 1.96. However, since our F-ratio is also 21.703

with a p-value of 0.000, the null hypothesis is rejected the study therefore conclude that Earnings per share have significant effect on share market price.

### Hypothesis two

**H<sub>0</sub>:** Dividend per share has no significant effect on share market price.

**H<sub>1</sub>:** Dividend per share has significant effect on share market price.

**Table 4.3: Dividend per share and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien t	Std. Error	t-Statistic	Prob.
C	160.414	63.387	2.531	0.0160
DPS	916.418	116.008	7.900	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.873536			
Adjusted squared	R- 0.800140			
F-statistic	25.20131	Durbin-Watson stat	2.315540	
Prob(F-statistic)	0.000000			

Source: E-views 9 Computation, 2020.

In response to hypothesis two, the study undertook a study to observe the existence of statistical effect between Dividend Per Share and Share Market Price. From table 4.3, the result shows that the estimated t-values for DPS Stood at 7.900. This can be confirmed to be greater than the critical value of 1.96. However, since our F-ratio is also 25.20 with a p-value of 0.000, the null hypothesis is rejected the study therefore conclude that Dividend per share have significant effect on share market price.

### Hypothesis three

**H<sub>0</sub>:** Dividend payout has no significant effect on share market price.

**H<sub>1</sub>:** Dividend payout has significant effect on share market price..

**Table 4.4: Dividend payout and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien	Std. Error	t-Statistic	Prob.
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t				
C	-0.84870	1.927321	0.430060	0.6700
DPO	-0.09232	0.011501	-0.801090	0.4280
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.501543			
Adjusted R-squared	0.409065			
F-statistic	0.800002	Durbin-Watson stat		2.112010
Prob(F-statistic)	0.912000			

Source: E-views 9 Computation, 2020

In response to the third hypothesis, the study undertook a study to observe the existence of statistical effect between **Dividend payout** and Share Market Price. From table 4.4, the result shows that the estimated t-values for DPS Stood at -0.801. This is less than the critical value of 1.96. However, since our F-ratio is also 0.8000 with a p-value of 0.912, the alternative hypothesis is rejected the study therefore conclude that Dividend payout has no significant effect on share market price.

#### Hypothesis four

**H<sub>0</sub>**: Dividend yield share has no significant effect on share market price.

**H<sub>1</sub>**: Dividend yield has significant effect on share market price.

**Table 4.5: Dividend yield and share market price using ordinary least square method**

Dependent Variable: SMP

Variable	Coefficien			
	t	Std. Error	t-Statistic	Prob.
C	-0.001	0.00001	-0.153050	0.2470
DY	0.03002	0.00081	7.107080	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.874043			
Adjusted R-squared	R-0.836015			



squared

F-statistic 23.07302 Durbin-Watson stat 1.941010

Prob(F-statistic) 0.000000

Source: E-views 9 Computation, 2020

In response to hypothesis four, the study undertook a study to observe the existence of statistical effect between Dividend yield and Share Market Price. From table 4.5, the result shows that the estimated t-values for DY Stood at 7.10. This can be confirmed to be greater than the critical value of 1.96. However, since our F-ratio is also 23.07 with a p-value of 0.000, the null hypothesis is rejected the study therefore conclude that dividend yield has significant effect on share market price.

### Discussion of findings

Based on the analysis and the empirical results the study revealed that the estimated coefficient of the regression parameters have both positive and negative signs and thus while some conforms one does not conform to our a-priori expectation. Hypothesis one shows that Earnings per share have significant effect on share market price. This result is in line with our a priori expectation and also corroborate the findings of Musa (2009) who opined that a favorable earnings per share is an indicator of the wellbeing of a firm which subsequently reflect in the share price of the company.

Hypothesis two reveals that dividend per share has significant effect on share market price. This was also in corollary with our research expectation

Result from hypothesis three on the other hand shows that dividend payout has no significant effect on share market price. This finding negates our a priori expectation.

Hypothesis four on the other hand also revealed that dividend yield has significant effect on share market price, and corroborate with our expectation. The implication of this sign is that dividend yield affects the share market price of an oil and gas company in Nigeria.

- a) The dividend policies of quoted companies in Nigeria are significantly influenced by their earnings and previous year dividend and that because of the reluctance to cut dividends, companies only partially adjust their dividends to changes in earnings.
- b) Average earning per share is the significant determinant of Average dividend payment, which confirms the fact that the most important decision calculus for payment of dividend is the current earning.
- c) Growth prospect and firm size has no impact on the dividend behavior of quoted firms in Nigeria for the period under review.

### Summary of Findings

The findings of the study are summarized as follows:

- i. Earnings per share have significant effect on share market price.
- ii. Dividend per share has significant effect on share market price.

- iii. Dividend payout has no significant effect on share market price.
- iv. Dividend yield has significant effect on share market price.

### **Conclusion**

As every financial report is published to provide accounting information to external users, it does not guarantee a success in their investment. However, adequate understanding of financial report and the application of this accounting report would result to favorable investment decision making.

In conclusion therefore, our empirical evidence indicates that the hypotheses of Lintner/Gordon as well as that of signaling theory of Bhattacharya performs remarkably well with respect to the dividend policy of quoted companies under review. This confirms previous result as cited in Nyong (1990), Adesola (2004) that Average earnings per share or average earnings is still the most significant determinant of average dividend payment,

The study also confirms that current dividend payment and earning per share are significant in explaining the observed differential share market prices of quoted firms in Nigeria. However, recent data reveal that the magnitude of the impact of earnings or earning per share is now greater than that of current dividend payment which used to be the most significant as reported in previous studies (see Nyong 1990, Adesola 2004).

It can therefore be concluded that dividend policy has a great impact on the share market price of publicly quoted companies of oil and gas sector of the economy.

### **Recommendations**

On the basis of the findings, the following recommendations were made:

- i. Firms should try all their possible best in improving their total earnings from each transaction year, since recent study reveals that it now has greater impact than any other factor in determining the market share value for Nigerian firms.
- ii. Firms should strive to formulate a dividend policy that ensures continuity and stability in dividend payment as this has impacts on the value of the firm.
- iii. Investors should be interested in understanding the components of the annual reports as a better understanding would lead to better and more profitable investment.
- iv. Investors should not only rely on the annual report but should also strengthen their knowledge and understanding of their investment through newspapers, magazines, stock exchange market and even from advice of stock brokers.
- v. That government should assist in improving the quality and availability of secondary data bank available for research in Nigeria.
- vi. That the result of this study has at least one policy implication. The fact that dividend is still an important determinant of share market prices means that

companies may increase their share market price by increase in the rate of dividend paid.

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**Appendix****Earnings Per Share (EPS)**

	<b>Petroleum companies</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
1	Addax Petroleum Plc.	123	112	234	231	231	931
2	Chevron Oil Nigeria Plc.	102	210	112	213	421	1058
3	ConOil Nigeria Plc.	147	162	442	160	172	1083
4	Eterna Oil and Gas Plc.	121	210	817	113	101	1362
5	ExxonMobil Nigeria Plc.	76	56	634	119	221	1106
6	Oando Plc.	342	309	391	219	210	1471
7	Total Nigeria Plc.	153	276	219	210	289	1147
8	Conoco Philip	320	285	309	324	761	1999
9	Shell Nig Plc	338	394	338	354	234	1658
10	Afren Energy Resource	980	287	207	498	356	2328
11	Camac Allied Energy	278	321	418	543	543	2103
12	Equator Exploration	760	238	308	235	323	1864
13	Capital oil	614	254	450	187	276	1781
14	Anino International	208	221	342	542	543	1856
15	Beco Petroleum	507	884	221	287	332	2231
16	Forte Product	650	390	703	178	43	1964
17	Japaul Oil	312	320	417	119	231	1399
18	Rak Unity Petroleum	229	603	203	107	134	1276
19	Seplat Petroluem	219	224	392	413	254	1502

**Dividend Per Share (DPS)**

	<b>Petroleum Companies</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>TOTAL</b>
1	Addax Petroleum Plc.	9	7	8	10	12	46
2	Chevron Oil Nigeria Plc.	4	5	2	12	9	32
3	ConOil Nigeria Plc.	7	6	5	8	6	32
4	Eterna Oil and Gas Plc.	4	6	3	5	9	27
5	ExxonMobil Nigeria	3	4	9	4	11	31

	Plc.						
6	Oando Plc.	2	4	5	4	5	20
7	Total Nigeria Plc.	2	3	4	5	6	20
8	Conoco Philip	2	2	9	5	5	23
9	Shell Nig Plc	3	10	3	5	6	27
10	Afren Energy Resource	4	5	6	4	5	24
11	Camac Allied Energy	3	9	5	5	8	30
12	Equator Exploration	4	5	5	2	3	19
13	Capital oil	5	5	5	7	3	25
14	Anino International	11	5	5	2	4	27
15	Beco Petroleum	3	8	4	3	5	23
16	Forte Product	4	5	9	6	6	30
17	Japaul Oil	5	11	9	9	6	40
18	Rak Unity Petroleum	3	9	3	4	7	26
19	Seplat Petroluem	8	4	9	5	5	31

**DIVIDEND PAY OUT (DPO)**

COMPANY	2011	2012	2013	2014	2015	TOTAL
1. Addax Petroleum Plc.	0.073171	0.0625	0.034188	0.04329	0.051948	0.2651
2. Chevron Oil Nigeria Plc.	0.039216	0.02381	0.017857	0.056338	0.021378	0.1586
3. ConOil Nigeria Plc.	0.047619	0.037037	0.011312	0.05	0.034884	0.1809
4. Eterna Oil and Gas Plc.	0.033058	0.028571	0.003672	0.044248	0.089109	0.1987
5. ExxonMobil Nigeria Plc.	0.039474	0.071429	0.014196	0.033613	0.049774	0.2085
6. Oando Plc.	0.005848	0.012945	0.012788	0.018265	0.02381	0.0737
7. Total Nigeria Plc.	0.013072	0.01087	0.018265	0.02381	0.020761	0.0868
8. Conoco Philip	0.00625	0.007018	0.029126	0.015432	0.00657	0.0644
9. Shell Nig Plc	0.008876	0.025381	0.008876	0.014124	0.025641	0.0829
10. Afren Energy Resource	0.004082	0.017422	0.028986	0.008032	0.014045	0.0726
11. Camac Allied Energy	0.010791	0.028037	0.011962	0.009208	0.014733	0.0747
12. Equator Exploration	0.005263	0.021008	0.016234	0.008511	0.009288	0.0603



13.	Capital oil	0.008143	0.019685	0.011111	0.037433	0.01087	0.0872
14.	Anino International	0.052885	0.022624	0.01462	0.00369	0.007366	0.1012
15.	Beco Petroleum	0.005917	0.00905	0.0181	0.010453	0.01506	0.0586
16.	Forte Product	0.006154	0.012821	0.012802	0.033708	0.139535	0.205
17.	Japaul Oil	0.016026	0.034375	0.021583	0.07563	0.025974	0.1736
18.	Rak Unity Petroleum	0.0131	0.014925	0.014778	0.037383	0.052239	0.1324
19.	Seplat Petroleum	0.03653	0.017857	0.022959	0.012107	0.019685	0.1091

**DIVIDEND YIELD (DY)**

COMPANY	2011	2012	2013	2014	2015	TOTAL
1. Addax Petroleum Plc.	0.044709	0.033223	0.051184	0.098814	0.101437	0.329367
2. Chevron Oil Nigeria Plc.	0.022409	0.032595	0.013966	0.100503	0.070148	0.239621
3. ConOil Nigeria Plc.	0.068293	0.03876	0.031888	0.146789	0.181269	0.466998
4. Eterna Oil and Gas Plc.	0.033613	0.0611	0.039216	0.04931	0.091463	0.274702
5. ExxonMobil Nigeria Plc.	0.011797	0.014363	0.042674	0.021108	0.056643	0.146585
6. Oando Plc.	0.012804	0.024661	0.029019	0.030888	0.042373	0.139745
7. Total Nigeria Plc.	0.010091	0.015932	0.02445	0.029674	0.033708	0.113854
8. Conoco Philip	0.022346	0.027739	0.106762	0.074294	0.07657	0.307711
9. Shell Nig Plc	0.018832	0.056721	0.016456	0.030562	0.038388	0.16096
10. Afren Energy Resource	0.043337	0.057274	0.064171	0.045767	0.065445	0.275993
11. Camac Allied Energy	0.031513	0.114796	0.057274	0.058411	0.083333	0.345327
12. Equator Exploration	0.036232	0.042301	0.048828	0.02139	0.031915	0.180666
13. Capital oil	0.042662	0.041322	0.050761	0.071795	0.029703	0.236244
14. Anino International	0.089069	0.05144	0.04845	0.027322	0.05772	0.274001
15. Beco Petroleum	0.035928	0.097442	0.043431	0.039267	0.057471	0.27354
16. Forte Product	0.039293	0.040453	0.065076	0.041294	0.036166	0.222282
17. Japaul Oil	0.063857	0.136816	0.105634	0.090634	0.057692	0.454633
18. Rak Unity Petroleum	0.023202	0.064888	0.021383	0.036199	0.070994	0.216666
19. Seplat	0.096154	0.054645	0.137615	0.092764	0.108932	0.49011

Petroleum						
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**Share Market Price (SMP)**

<b>COMPANY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>TOTAL</b>
1. Addax Petroleum Plc.	201.3	210.7	156.3	101.2	118.3	787.8
2. Chevron Oil Nigeria Plc.	178.5	153.4	143.2	119.4	128.3	722.8
3. ConOil Nigeria Plc.	102.5	154.8	156.8	54.5	33.1	501.7
4. Eterna Oil and Gas Plc.	119	98.2	76.5	101.4	98.4	493.5
5. ExxonMobil Nigeria Plc.	254.3	278.5	210.9	189.5	194.2	1127.4
6. Oando Plc.	156.2	162.2	172.3	129.5	118	738.2
7. Total Nigeria Plc.	198.2	188.3	163.6	168.5	178	896.6
8. Conoco Philip	89.5	72.1	84.3	67.3	65.3	378.5
9. Shell Nig Plc	159.3	176.3	182.3	163.6	156.3	837.8
10. Afren Energy Resource	92.3	87.3	93.5	87.4	76.4	436.9
11. Camac Allied Energy	95.2	78.4	87.3	85.6	96	442.5
12. Equator Exploration	110.4	118.2	102.4	93.5	94	518.5
13. Capital oil	117.2	121	98.5	97.5	101	535.2
14. Anino International	123.5	97.2	103.2	73.2	69.3	466.4
15. Beco Petroleum	83.5	82.1	92.1	76.4	87	421.1
16. Forte Product	101.8	123.6	138.3	145.3	165.9	674.9
17. Japaul Oil	78.3	80.4	85.2	99.3	104	447.2
18. Rak Unity Petroleum	129.3	138.7	140.3	110.5	98.6	617.4
19. Seplat Petroleum	83.2	73.2	65.4	53.9	45.9	321.6