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Performance Management and Dividend Yield of Listed Oil and Gas Companies in Nigeria

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Abstract:
Increasing shareholder value has become a strategically important part of the decision-making process. Recently, many companies have started to implement shareholder value principles from strategy development to performance measurement and these principles are implemented into all business units of the company. A dividend is the part of the earnings the company pays to its investors, and the dividend yield is how much the company pays out relative to its share price. Investors have different preferences concerning dividends. The failure of business leaders to prioritize dividend yields of shareholders has resulted in poverty, weak infrastructure, insecurity, poor governance, weak public sector, and corruption, which allows tax evasion, corporate exploitation, abuse of employment rights, environmental degradation and other corporate externalities. The study, therefore, examined the effect of enterprise performance management on the dividend yield of listed oil and gas companies in Nigeria. The study adopted an ex-post facto research design and the population consisted of 11 listed oil and gas companies. The sampling techniques were purposive and convenient. Data used were secondary data from financial statements of the 6 selected listed oil and gas companies. The validity and reliability were premised on a statutory audit of the financial statements. Data were analyzed using descriptive and inferential statistics. The findings revealed that the Performance Management (PM) measure significantly affected the dividend yield of oil and gas companies listed in Nigeria (F-Stat/Wald Stat (Prob)= $F_{(5, 114)}$ = 3.72 (0.0037), Adj. R^2= 0.1037, P< 0.05). The study concluded that Performance management significantly affects the dividend yield of selected listed oil and gas companies in Nigeria. The study, therefore, recommends that the management of listed oil and gas companies in Nigeria should know the fundamental characteristics of performance management in each area of responsibility/business function/processes to improve the dividends yield of stakeholders.

Keywords: *Corporate, dividend policy, performance, profitability, shareholders value and stock price*

1. Introduction

With the increasing global competition, companies are focusing their efforts on creating shareholder value to survive the intense competition. Given this, it is becoming important for companies to measure the value they create for their shareholders (Jones, 2018). Keeping track of the value created year-on-year enables companies to evaluate past decisions and make decisions that will improve shareholder value (Kanana, 2017). The importance of shareholder value has a strong link to an efficient capital market that will deliver returns above the cost of equity. Al-Nawaiseh (2013) described capital market is the means to allocating resources from less to more profitable ones and therefore more socially productive uses in a more timely manner. This makes dividend policy worthy of serious management attention. Dividend policy is, therefore, considered to be one of the most important financial decisions that corporate managers encounter. The trick in managing shareholder value is to select those growth opportunities. The top management has to choose strategies that promote shareholder value, but also provide the operating management with tools and techniques to assess risk and evaluate the shareholder returns (Ali, Salman, Yaacob, Zaini, & Abdullah, 2020). The profit maximization objective as seen as the company's traditional role and its managers is the result of management's ability to grow earnings to guarantee dividends to shareholders, this also affects the company's ability to efficiently increase the amount of free cash flow over time to the benefit of the shareholders (Idewele & Murad, 2019).

The financial markets, a strategic and pivotal component in promoting shareholder value maximisation, also represent the main means of communication between firms and accounting information users (Hart & Zingales, 2017). A company's dividend policy relates to the disbursement of profits to its shareholders. The shareholder theory postulates

that the dividend policy is guided by the primary objective of the firm, that is, to maximize shareholder wealth (Friedman, 1970; Enekwe, Nweze & Agu, 2015). The performance of a company is the result of its overall strategy, innovation, quality, market position and long term view. Hence, organizations are constantly seeking new and improved products, processes, and organizational structures that will reduce their costs of production, better satisfaction of the customer demands, and greater profits (Freihat, & Kanakriyah, 2017). Effective implementation of performance management is essential to successful business strategy execution because it allows organizations to translate strategy into action. Hindasah & Nuryakin (2020) companies in the growth phase decide to reinvest the profits for future growth prospects, much in line with shareholder expectations. Firms, that have crossed the growth inflexion point, generally pay dividends (Khalid, 2012). In such cases, the shareholder returns are tied to the dividend than to capital gains. Dividend is crucial to every investor that desires to meet up with its short-term financial obligations (Al-Sa'eed, 2018).

The success of any business venture is predicated on how the management has planned and controlled its cash flows for its business need and at the same time satisfaction of its shareholders in terms of dividend payment (Anandasayanan, & Thirunavukkarasu, 2016). So, therefore company needs to maintain sufficient cash to keep its business running smoothly to generate more cash to pay its shareholders. Performance management is a concept that is receiving serious and more attention all over the world especially with the current financial situations and the state of the world economy. Chelimo and Kiprop (2017) suggest that dividend policy, on the other hand, can be determined through two important elements, the first is the decision to pay dividends to shareholders and the second is to retain the profits to reinvest them in future projects. The company is responsible for balancing the need to maximise the wealth of the company's owners with the need to provide sufficient funds to finance growth projects, which is a major role that acts as a mechanism to control administrative opportunism. Ebire, Mukhtar and Onmonya (2018) opined that companies carry out many activities through which they seek to achieve profits. A corporation finds itself with two options for the funds that it obtains, to either distribute part of the profit to investors (dividends) or keep a portion of the profit to reinvest later for the purposes of expansion and growth, taking into account that the decision to distribute the profits is of great importance to the owners, there is a missing link between distribution and growth, and the policy of dividend distribution can be determined through balancing the level of distribution and the rate of growth (Cristea & Cristea, 2017).

The recent changes in the economics and financial field have led companies to search for ways and methods that enable them to continue to achieve acceptable levels of performance, especially financial performance, and many researchers have studied the financial decisions that aim to maximise a corporation's value, not only the distribution of profits to owners (shareholders) but also the precarious (Hariania, 2013). COVID-19 and the subsequent lockdowns had an unprecedented impact on economies across the world. Though the economic slowdown was a global phenomenon, the extent of the impact was dependent on individual countries' characteristics and exposure to the pandemic (Gamble, 2020). The global financial markets crashed in early 2020, even before official forecasts of the economic impact were available. The magnitude of the financial market crash and the reactions of investors were different across markets (Almazari & Alamri, 2020). In this context, this study attempts to compare the investor reaction to dividend announcements on the stock returns during the pandemic, compared to preceding years. The nature, size and complexity of the operations in oil industry as well as its strategic position in the Nigerian economic growth and development distinguish the industry's performance management and approaches or strategies used in managing dividend policy. However, very little is known on empirical evidence about the effect of performance management on dividend yield with reference to Nigerian oil industry, hence the need for the present study.

2. Literature Review

Performance management involves basically; planning and managing business resources in line with predetermined performance targets, gathering business data regularly, and monitoring and evaluating improvements to business objectives (Sujova, Rajnoha & Merková, 2014). The concept of performance management is defined as 'a form of management that envisages the unification of all employees in the organizations with a team culture and common goals aimed at continuous improvement of business performance and the planning, measurement, orientation and control activities necessary to achieve these goals in coordination with other functions of management' (Ephraim & Kassimatis, 2019). The concerns that had led to the emergence of the concept of performance management are related primarily to the concepts of effectiveness, efficiency and economy. In addition, the provision of transparent and accountable good governance is one of the factors that lead to the development of the concept of performance management (Erasmus, 2019). Performance management, in general, is: a management process that fulfils the duties of collecting and comparing information on the current and future status of the business to direct the enterprises to predetermined goals, and initiating and maintaining the necessary activities to ensure continuous improvement of performance (Dibia & Onwuchukwu, 2014). In addition to providing effective control, performance management and measurement benefits managers in planning, control and creating an effective decision-making mechanism for objectives. It also provides information on the organizational process areas, where improvement is needed. Thus, continuous control and improvements made will have a positive impact on the success of the enterprise.

2.1. Dividends Yield

A dividend is the part of the earnings the company pays to its investors, and the dividend yield is how much the company pays out relative to its share price. Investors have different preferences concerning dividends. Some prefer dividends over capital earnings and others do the opposite (Odgen, 2019). The total stock return is a performance measure that investors use to make apparent how stocks with different levels of dividend have performed against each

other (Krantz, 2019). Dividend-Yield is one of the most important financial ratios. The dividend yield tells us how much the company pays out in dividends each year relative to its share price.

Dividend Yield = Annual Dividend per Share / Price per Share

There are different ways to interpret the dividend yield. It is a controversial indicator since there is no consensus on how to interpret it.

2.1.1. High Dividend-Yield

This could imply that the company is of high risk and the prospect of the future is negative and therefore resulting in a price decrease of the share. The shareholders might be afraid that a large amount of money disappears from the company in the form of dividends. Investors might believe the earnings would be better spent as retained earnings to invest in profitable investment opportunities. As a result, the investors would sell their equities and the stock price would decrease. An opposite way of interpreting a high dividend yield is that the price of the share will increase over time. It is argued that investors prefer high dividends since 'one bird in the hand is worth more than 10 in the bush'. Therefore, the investors bid up the price of the stock, which, in turn, results in high yielding stocks being more expensive relative to low yielding stocks (Black & Scholes, 2010).

2.1.2. Low Dividend-Yield

If a company has a low dividend yield, the market participants might expect the company to be more profitable in the future. The market participants might assume the stock price will rise since the last years have been troublesome for the company. There are many explanations for why the participants might have this expectation. One is that the stock market has recently been in an economic downturn and it is about to rise again. A low dividend yield could also imply that the company is struggling and is neither profitable nor has a positive prospect for the future. The market participants assume the management of the company has inside information about the future, and the low dividend yield might be interpreted as distressing times are coming. The effect of this interpretation is that the shareholders sell the equities and as a result, the stock price decreases. However, this effect might be only temporary if the distressing times do not materialise (Black & Scholes, 2010).

2.1.3. Theoretical Consideration

This theoretical review provided the basic theoretical assumptions for this study. It focused on the relevant theory that can be applied to the variables and concepts in order to come up with a logical linkage.

2.2. Stakeholder Theory

The theory was propounded by Schwab (1971), the Stakeholder theory is based on the assumptions that business entities operate and have been in a given environment. Therefore, their activities will affect or are affected by third parties who might be individuals, groups of persons, providers of other variants of capital, the communities, customers, suppliers, trade creditors, employees, regulators and the government. The theory argues that a modern business entity must serve not only the interests of shareholders but also, of all stakeholders (providers of all variants of capital) if it is desirous of achieving long term growth and prosperity (Bace, 2016). Companies, that establish a positive reputation in a community, will find it easier to attract and keep good employees. Employees, who feel positive about their jobs and their employer, will be more motivated and loyal. Company's relationship with one stakeholder group, such as employees, has a significant impact on several other groups, such as customers and investors. Committed and energized employees will create satisfied and loyal customers (Kanakriyah, 2020). By implementing a comprehensive and consistent stakeholder strategy, companies can compound the benefits. Improvements in one stakeholder relationship will undoubtedly create a positive spin in other key relationships and ultimately on bottom-line profits. Research shows that 60 percent of corporate value is now tied up in intangible assets like employee creativity and commitment, reputation, long-term alliances, and brand equity. Relationships are crucial because, unlike managing material assets like equipment, land, and capital, managing intangible assets involves gaining the cooperation of others (Kanakriyah, 2016). In a microeconomic sense competitiveness is defined as sustainable growth in productivity driven by the quality of business strategy and operations, the quality of business environment and the prevalent macroeconomic environment (Yerner, 2002). From a macroeconomic perspective, competitiveness is the degree to which a country can develop under free and fair market conditions, produce goods and services which meet the tests of international markets, while simultaneously.

2.3. Statement of Hypothesis

The following hypothesis was tested in this study.

- $H_0$1: Performance management will not significantly affect dividend yield of listed oil and gas companies in Nigeria.

The a-priori expectation of the study was that $H_0 1 = \beta > 0$.

2.4. Empirical Review

Kipruto, Wepukhulu and Osodo (2017) studied the influence of performance management on dividends yields of second-tier commercial banks in Kenya. The result revealed that performance factors such as revenue, cost efficiency and inflation have common importance in predicting dividend payments and also the value of share price. Okoth and Gemechu (2013) studied the determinants of the Financial Performance of oil and gas companies in Nigeria. Based on the findings of this study, the researcher makes the following conclusions: the variables of the performance management were effective

in improving the quality of returns delivered to shareholders. Almazari & Alamri (2020) also attempted to assess the effect of revenue growth on shareholders' value, a comparative study between samba and SAAB oil and gas industry of Saudi Arabia. It was revealed that the more financially and socially responsible an organisation is, the better the ability to deliver more value to the owners of the business in terms of appreciation in the capital market performance.

3. Methodology

The *ex-post facto* research design was used in this study to examine the effect of the independent variable on the dependent variable of the study. The population of interest for this study comprised the total number of listed oil & gas companies on the Nigeria Stock Exchange as of 31st December, 2020. The total population of the study was eleven (11) oil and gas companies listed on the NSE. The period of the study was for 19 years from 2002 to 2020. The sample size was six (6) oil and gas companies (Ardova Oil & Gas, Eterna Oil & Gas, Conoil, MRS Oil & Gas, Oando Oil & Gas and Total Oil & Gas) achieved through the use of the purposive sampling technique. The purposive sampling technique was appropriate while seeking information and the researcher wants to have critical insight regarding the research questions (Loh, 2015). Data used were secondary data from financial statements of the listed oil and gas companies. This study aimed at evaluating the effect of Performance Management on the dividends yield of listed Nigerian oil and gas companies. Data for this study included panel data extracted from the companies' financial statements for the analysis and explanation of the variables of the study.

Data obtained from the companies' audited financial statements were analyzed through both descriptive and inferential statistics. The descriptive analysis was used to organise and characterize the data (mean, standard deviation minimum, maximum, etc) while inferential analysis was used to validate the study's hypothesis. In analysing data and testing the research hypotheses, Multiple regression analysis was used by employing E-View statistical software. The hausman test was carried out to test the fixed and random effect model of the hypotheses.

3.1. Research Model

The models below were used to establish the effect of performance management on dividend yield of listed oil and gas companies in Nigeria. The essence was to establish whether there was a linear relationship among the variables of the study for the samples selected as well as the sample period of study.Thus, the models were developed as follows:

$DY = \alpha_{it} + \beta_1 RG_{it} + \beta_2 SC_{it} + \beta_3 RD_{it} + \beta_4 FC_{it} + \beta_5 PO_{it} + \varepsilon_{it}$

Where;

RG = Revenue Growth
SC = Staff Cost
RD= Research & Development
FC = Finance Cost
PO=Production Overhead
DY= Dividend Yield
MC= Market Capitalisation
α = the constant of the variables
$\beta_1 - \beta_5$ = Coefficients of the parameter estimates
ε = the error term of the linear model

4. Data Presentation and Analysis

4.1. Descriptive Statistics for Selected Listed Oil and Gas Firms of the Nigerian Stock Exchange

The study consisted of six listed firms on the Nigerian Stock Exchange for the period 2002 – 2020. The descriptive statistics presented in Table 4.1 were the mean, maximum, minimum and standard deviations and the numbers of observations.

4.1.1. Summary of Descriptive Statistics of Independent Variables (Performance Management)

Revenue Growth (RG): In Table 4.1, the mean value is 36.036.75, the standard deviation value is 68.44199, the minimum value is -26.75 and the maximum value is 686.48. This indicates that on average, the selected oil and gas companies have average revenue growth of 36% with a minimum value of -26.7% and maximum growth of 686.48%.

Staff Cost (SC): In Table 4.1, the mean value is ₦2632M, the standard deviation value is ₦3234M, the minimum value is ₦24.56M and the maximum value is ₦18981.73M. This shows that on the average, value selected oil and gas companies have a Staff cost of ₦2632M which yielded a maximum cost of ₦18981.73M higher than the average value.

Research and Development (RD): In Table 4.1, the mean value is ₦6252.94M, the standard deviation value is ₦6914.442M, the minimum value is -40.45 and the maximum value is ₦30730.89M.

Finance Cost (FC): In Table 4.1, the mean value is ₦1576.635M, the standard deviation value is ₦1699.999M, the minimum value is ₦7.01M and the maximum value is ₦7788.32M.

Production Overhead (PO): In Table 4.1, the mean value is ₦120780M, the standard deviation value is ₦113356M, the minimum value is ₦190.67M and the maximum value is ₦591M.

4.1.2. Summary of Descriptive Statistics of Dependent Variable (Dividend Yield)

Dividend Yield (DY): In Table 4.1, the mean value is 3.857, the standard deviation value is 3.593, the minimum value is 0 and the maximum value is 15.33 respectively.

Table 4.1 reveals the mean, standard deviation, minimum and maximum values of the variables employed in this study. The mean values of all the variables show positive values. The common feature of these variables is that they all display an increasing tendency throughout the sampling period and this signifies that the components of performance management and shareholders' value of the oil and gas firms are not constant throughout the sampling period.

4.2. Correlation Analysis

This section discussed the degree of association (correlation) among Performance Management variables: Revenue Growth (RG), Staff Cost (SC), Research and Development (RD), Finance Cost (FC) and Production Overhead (PO).

	RG	**LnSC**	**LnRD**	**LnFC**	**LnPO**	**VIF**	
RG	1.000					1.13	0.885
LnSC	-0.256	1.000				5.41	0.185
LnRD	-0.308	0.772	1.000			2.59	0.386
LnFC	-0.185	0.574	0.481	1.000		1.58	0.632
LnPO	-0.302	0.877	0.714	0.596	1.000	4.72	0.212
						3.09	

Table 1: Correlation Coefficients for Performance Management Variables
Source: Researcher's Computation (2022)

The results in Table 1 show the correlation coefficient between each pair of the independent variables- Revenue Growth (RG), Staff Cost (SC), Research and Development (RD), Finance Cost (FC), Production Overhead (PO). Multiple regression usually suffers from the problem of multi-collinearity and the Variance Inflation Factor (VIF) which refers to a situation, where two or more independent variables are correlated, is usually used by researchers. The rule of thumb of the VIF to determine if a set of variables is suffering from multi-collinearity is 10. In Table 1, it was also revealed that the VIF calculated of 3.09 and within the acceptable threshold which depicts evidence of weak correlation and invariable suggests that each pair of the variables is not perfectly correlated. As such the assumption of multi-collinearity is refuted in this study hence; we can conclude that there is no problem with multi-collinearity in our variables

Model One				
Pooled Ols Regression				
Variable	Coeff	Std. Err	T-Stat	Prob
Constant	18.1228	6.0421	3.00	0.003
RG	0.0067	0.0046	1.49	0.146
LnSC	-1.1274	0.5797	-1.94	0.054
LnRD	1.2575	0.3697	3.40	0.001
LnFC	-0.2604	0.2225	-1.17	0.244
LnPO	-0.1717	0.4876	-0.35	0.725
Adj R^2	0.1026			
F-Stat/Wald Stat (Prob)	$F_{(5, 114)} = 3.72$ (0.0037)			
Hausman Test	$chi^2_{(4)} = 12.74$ (0.0260)			
Testparm Test/LM Test	$F_{(8, 562)} = 0.88$ (0.6068)			
Heteroskedasticity Test	$chi^2_{(1)} = 0.22$ (0.6391)			
Autocorrelation Test	$F_{(1, 71)} = 0.023$ (0.8855)			

Table 2: Regression and Post-Estimation Results for Hypothesis One
Source: Researcher's Computation (2022)

4.3. Interpretation

4.3.1. Post-Estimation Results

The result of the Hausman test with the *p-value* of 0.0260, being less than the 5 per cent level of significance chosen for the study reveals that the fixed effect is the appropriate estimator according to its null hypothesis which states that there is a presence of unsystematic difference in the model coefficients; thus, the study does reject the null hypothesis. However, the result of the confirmation test (Testparm) carried out having a *p-value* of 0.6068 did not support the outcome of the Hausman test and proved that Pooled OLS is the best estimating technique for Model 1. The result of the heteroskedasticity test (p = 0.6391) and autocorrelation test (p = 0.8855) revealed that the model did not suffer heteroskedasticity and autocorrelation issues and thus the ordinary Pooled OLS was used in estimating the model 1.

The regression analysis results presented in Model One as presented in Table 2.1 showed that:

There exists a negative relationship between Staff Cost (SC), Finance Cost (FC) and Production Overhead (PO) when associated with Dividend Yield (DY). This is depicted by the negative signs of the coefficients (β_2 = -1.1274), (β_4 = -0.2604) and (β_5 = -0.1717) respectively. Table 2 also showed that other independent variables Revenue Growth (RG) and Research and Development (RD) have positive relationships with Dividend Yield (DY) as depicted by the positive signs of their coefficients (β_1 = 0.0067) and (β_3 = 1.2575) respectively.

From the probabilities of the T-test results at the 5% chosen level of significance for this study, Table 2 depicted that only Research and Development (RD) has a significant individual relationship with Dividend Yield (DY), as reflected in the probability values (*p = 0.001)*. This implies that, from the model, only Research and Development (RD) is a significant factor influencing changes in the Dividend Yield (DY) of oil and gas companies listed in Nigeria.

Likewise, Revenue Growth (RG), Staff Cost (SC), Finance cost (FC), and Production Overhead (PO) in the model are not significant factors influencing the Dividend Yield (DY)of the selected listed oil and gas companies in Nigeria, as seen in their probabilities of T-statistics (*p = 0.146),* (*p = 0.054),* (*p = 0.244),* and (*p = 0.725)* respectively.

Concerning the magnitudes of the estimated parameters, 1 unit increase in Revenue Growth (RG) will lead to a 0.0067 increase in Dividend Yield (DY) of the selected listed oil and gas companies in Nigeria, while a 1 per cent increase in Research and Development (RD) will lead to 1.26 increase in the Dividend Yield (DY) of the selected listed oil and gas companies in Nigeria. Likewise, a 1 per cent increase in Staff Cost (SC), Finance cost (FC) and Production Overhead (PO) will lead to a 1.13, 0.26 and 0.17 decrease in Dividend Yield (DY) respectively of the selected listed oil and gas companies in Nigeria.

The Adjusted R^2 measures the proportion of the changes in the Dividend Yield (DY) as a result of changes in Revenue Growth (RG), Staff Cost (SC), Research and Development (RD), Finance cost (FC), and Production Overhead (PO), which depict that about 10 per cent changes in the Dividend Yield (DY) of the selected listed oil and gas companies in Nigeria was attributable to the interactions of the Performance Management (PM) proxies in the model, while the remaining 90 per cent were from other factors not captured in the model.

4.4. Decision

Based on the probability of F-statistics of 0.0037 at the degree of freedom 5:114 being less than the 5% chosen significant level of the study, this study, thus, decides that the null hypothesis for model One which states that 'Performance Management (PM) does not significantly affect dividend yield of oil and gas companies listed in Nigeria' be rejected while accepting the alternate hypothesis and concludes that 'Performance Management (PM) significantly affects dividend yield of oil and gas companies listed in Nigeria.'

5. Findings, Conclusions and Recommendations

5.1. Findings

The findings demonstrated that Performance Management (PM) significantly affects the dividend yield of oil and gas companies listed in Nigeria. Revenue Growth (RG) has a positive relationship with Dividend Yield. This conforms to the study of Kanakriyah, (2016) that earnings generated by the company in terms of profitability are important to shareholders and potential investors. This is an indication of potential healthy dividends payouts if companies can generate real earnings rather than cooking books (Barron, 2012).

For the hypothesis, it was expected that Performance Management would have a positive impact on the dividend yield of oil and gas companies listed in Nigeria. The regression analysis results showed that Staff Cost (SC), Finance Cost (FC) and Production Overhead (PO) did not affect Dividend Yield (DY) by the negative signs of the coefficients (β_2 = -1.1274), (β_4 = -0.2604) and (β_5 = -0.1717) respectively. This would mean that the negative effect of finance costs on dividend yield may be more pronounced in firms with higher information asymmetries. This aligns with Farooq and Jabbouri (2015) where firms have a scarcity of information. Therefore, whenever the information environment improves, it is highly valued by creditors. The 'agency problems' and 'future investment' are possible causes of the negative coefficient for staff costs which may cause firms to pay low dividends (Saeed, 2021). The higher the production cost, the lower the ability of the firm to pay a dividend because of high input cost (Langat, 2020). The findings demonstrated that Performance Management (PM) significantly affects the dividend yield of oil and gas companies listed in Nigeria. Revenue Growth (RG) has a positive relationship with Dividend Yield. This conforms to Kanakriyah, R. (2020) that earnings generated by the company in terms of profitability are important to shareholders and potential investors. This is an indication of potential healthy dividends payouts if companies can generate real earnings rather than cooking books (Barron, 2012).

Also, the study found that research and development, which is a component of performance management, has a positive and significant effect on Dividend Yield and this conforms to the findings of Husameddin and Abazid (2018) that high innovative potential ensures low cost of operation, thereby increases profitability. Firm performance can be measured by the earnings generated by the company in terms of profitability, therefore, the effectiveness of research and development as a tool to enhance competitive advantage and improve organisational performance (Odumeru, 2013). A study by Zhou & Ruland (2016) revealed that high dividend payout firms tend to experience strong future earnings but relatively low past earnings growth despite market observers having a contradicting view. The findings of another study done by Arnott & Asness (2013) also revealed that future earnings growth is associated with a high rather than low dividend payout.

5.2. Conclusion

The main drive of this study was to investigate how Performance Management (PM) measures such as revenue growth, staff cost, research & development, finance cost and production overhead on dividend yield. To achieve the main objective of the study was to evaluate the effect of Performance Management (PM) on the dividends yield of listed oil and gas companies in Nigeria. This study's specific objective towards selected quoted oil and gas companies in Nigeria within the period of 2002-2020 was achieved.

Objective one is to establish the effect of Performance Management (PM) on the dividend yield of oil and gas companies listed in Nigeria. The findings demonstrated that Performance Management (PM) significantly affects the dividend yield of oil and gas companies listed in Nigeria. Revenue Growth (RG) has a positive relationship with Dividend Yield. This conforms to Ruland (2016) that earnings generated by the company in terms of profitability are important to shareholders and potential investors. This is an indication of potential healthy dividends payouts if companies can generate real earnings rather than cooking books (Barron, 2012).

5.3. Recommendations

Many organizations in Nigeria, specifically the oil and gas companies, need to know the fundamental characteristics of performance management in each area of responsibility/business function/process to improve their shareholders' value. Siminica (2018) concludes that there are firms where efficiency and effectiveness are termed successful, so, therefore, performance is a function of two variables, efficiency and efficacy. A well-performing firm can bring high and long-term profits, which will enhance the returns of its employees, have better production units, bring products of higher quality for its customers and ultimately improve return on investment to shareholders. This process, according to Taouab and Issor (2019), cannot be possible without a firm's effective performance management. Based on the findings, several recommendations were offered to address issues of performance management on dividend yield of listed oil and gas companies in Nigeria.

The researcher recommends that corporate management of oil and gas companies in Nigeria should search for strategies and make decision on high profitability investment that will help their companies maintain a rate of growth characterised by stability. This enables high dividend payment to its shareholders. Management of listed oil and gas companies in Nigeria should find other ways of improving dividend yield other than variables of performance management adopted and revealed by this study. Customer loyalty is now mandatory to deliver the highest value to customers. Therefore, Management must sustain the level of sales growth as a result of strategies (improving customer services, exploring new markets and reviewing price policies) that translate to more profitability and dividend income for the shareholders.

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Appendix

Model One

	---- Coefficients ----			
	(b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
rg	.0011721	.0067196	-.0055475	.
lnsc	-.2283517	-1.12738	.8990283	.1914112
lnrd	1.466378	1.257501	.2088774	.3048977
lnfc	-.2709774	-.2604204	-.010557	.1462116
lnpo	-.3323003	-.1716782	-.1606222	.

Table 3: Hausman Fixed Random

b = consistent under Ho and Ha; obtained from xtreg
B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic
chi2(5) = (b-B)'[(V_b-V_B)^(-1)] (b-B)
= 12.74
Prob>chi2 = 0.0260
(V_b-V_B is not positive definite)
testparm i. year
(1) 2002.year = 0
(2) 2003.year = 0
(3) 2004.year = 0
(4) 2005.year = 0
(5) 2006.year = 0

(6) 2007.year = 0
(7) 2008.year = 0
(8) 2009.year = 0
(9) 2010.year = 0
(10) 2011.year = 0
(11) 2012.year = 0
(12) 2013.year = 0
(13) 2014.year = 0
(14) 2015.year = 0
(15) 2016.year = 0
(16) 2017.year = 0
(17) 2018.year = 0
(18) 2019.year = 0
(19) 2020.year = 0
F (19, 90) = 0.88
Prob > F = 0.6068
estathet test
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of dy
chi2(1) = 0.22
Prob > chi2 = 0.6391
. xtserial dy rg lnsc lnrd lnfc lnpo
Wooldridge test for autocorrelation in panel data
H0: no first order autocorrelation
F (1, 5) = 0.023
Prob > F = 0.8855

Source	SS	df	MS		
Model	215.483595	5	43.0967191	Number of obs	120
Residual	1320.81518	114	11.5860981	F(5, 114)	3.72
Total	1536.29878	119	12.9100738	Prob > F	0.0037
				R-squared	0.1403
				Adj R-squared	0.1026
				Root MSE	3.4038

dy	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
rg	.0067196	.00459	1.46	0.146	-.0023732	.0158124
lnsc	-1.12738	.5797294	-1.94	0.054	-2.27582	.0210595
lnrd	1.257501	.369782	3.40	0.001	.5249658	1.990036
lnfc	-.2604204	.2224999	-1.17	0.244	-.7011909	.1803502
lnpo	-.1716782	.4875672	-0.35	0.725	-1.137545	.7941886
_cons	18.12278	6.042095	3.00	0.003	6.153439	30.09213

Table 4: Reg Dy Rg Lnsc Lnrd Lnfc Lnpo