

**IMPACT OF WORKING CAPITAL MANAGEMENT ON
PERFORMANCE OF OIL AND GAS FIRMS IN NIGERIA**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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DEPARTMENT OF BANKING AND FINANCE, COLLEGE OF
MANAGEMENT AND SOCIAL SCIENCES, COVENANT UNIVERSITY,
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JULY, 2022

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of Master of Science (MSC) degree in Finance in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Ogun state, Nigeria.

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DECLARATION

I, **ADEWOLU MICHAEL ABIDEMI (20PAG02125)**, declares that this research was carried out by me under the supervision of Dr Folasade B. Adegboye of the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Ogun state, Nigeria.

I hereby attest that this dissertation has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this thesis are duly acknowledged.

ADEWOLU MICHAEL ABIDEMI

Signature and Date

CERTIFICATION

This is to certify that this dissertation titled ‘**IMPACT OF WORKING CAPITAL MANAGEMENT ON PERFORMANCE OF OIL AND GAS FIRMS IN NIGERIA**’ is an original research work carried out by **ADEWOLU MICHAEL ABIDEMI (20PAG02125)** in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria under the supervision of Dr. Folasade B. Adegboye. We have examined and found this work acceptable as part of the requirements for the award of Master of Science in Finance (M.Sc Finance).

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DEDICATION

This dissertation is dedicated to Almighty God for the wisdom, strength, grace and understanding bestowed on me to carry out this research. Also, to my amazing Mum and Sister for their endless moral and financial support and love. To my family, my friends and colleagues at large who has been a blessing to me one way or the other through the course of this program. I am grateful to you all and may God bless you richly.

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ABSTRACT

In most organizations engaged in activities requiring primary and secondary production, the process of managing their working capital components has an impact on their financial performance. As a consequence of its contribution to Nigeria's export earnings, firms in the Nigerian oil and gas industry must have a well-established procedure for managing their working capital to guarantee ongoing company operations and enhanced financial performance. Using Return on Asset, Return on Equity, and Tobin-Q as performance metrics and the current ratio, Cash conversion period, trade payable period, and trade receivable period as independent variables, this study examined the effect of working capital on the financial performance of eleven publicly traded oil and gas firms between 2012 and 2021. The research included conceptual, theoretical, and methodological evaluations. The panel data regression analysis with fixed and random effect estimation informed by the Hausman test was then performed on each model specifications, and the results indicated that the current ratio, Cash conversion period, and trade receivable period have a positive impact on the performance of the oil and gas firms, whereas the trade payable period has a negative impact on the financial performance of the oil and gas firms. Therefore, the research suggests a decrease in business debt, a shorter Cash conversion period, and a shorter term for collecting trade receivables. In addition, it is vital to analyse how the working capital component influences the financial performance of upstream oil and gas enterprises and to evaluate the economic crises era of Oil Price over a longer length of time.

KEYWORDS: *Working capital, Performance, Tobin-Q, Return on Asset, Return on Equity*