

The Impact of Oil Sector on the Economy - Theoretical Review

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ABSTRACT

Most countries depend on oil. History shows that states will spend a lot of money acquiring the capacity to produce oil or to ensure access to the free flow of oil. The oil sector therefore will always be a key player in the economy of most nations in the world. Clearly, crude oil consumption and exports contribute immensely to the improvement of the economy. There is a symbiotic relationship between oil markets and global economy. The main aim of this article is to illustrate the impact of the oil sector on the global economy and analyses the variables that exists in the oil sector which tend to affect the performance of the oil sector hence affecting the global economy. This article will feature various research studies in the oil sector to explain how variables like politics, corruption, accountability and transparency, structural organization of oil companies, regulations, conflict and economic reforms affect the oil sector. An analysis of the investment finance between the oil and agriculture industries is highlighted by this article. In this article, the researcher also highlights the impact of the activities of the oil sector on the environment and health aspects of the population of the area in which the activities are located. The socio-economic impacts as well as impacts on the eco-systems are discussed. Furthermore, the researcher points out the impacts that the oil sector has on employment. Lastly, the article demonstrates the role that Corporate Social Responsibility (CSR) in the oil sector plays in the impacts that oil firms have on the socio-economic and environmental aspects alongside the role that it plays in determining the legitimacy of oil firms in the views of investors and the general public.

Keywords: Oil exploration, Regulations, deregulations, environment, global economy.

INTRODUCTION

The oil sector is a very important aspect of the global economy. States are so dependent on the oil sector to a point that they are prepared to go to war to acquire oil resources or to protect the oil-producing region that they are reliant on. In recent past, oil prices have been considered responsible for recessions, excessive inflation periods and reduced productivity and reduced profits. Oil prices are volatile and dynamic. Exogenous political events in the Middle East and other oil producing regions are one of the many drivers of oil prices globally. One problem with the reliance on oil is the extremely detrimental effects of production, distribution and sustainable use. (Dabbs, 1996).

The convergence of financial, environmental and internal business issues of an oil corporation/firm affect a project's quality of life and its long-term prospects in the upstream oil and gas sector. Economic policies of states play a role in the impact of the oil sector on the economy. Several states have had reforms in their economic policies. Economic reforms can be classified as reformists of the first and second generation. First generation efforts usually begin with trade to open the economy to foreign markets and the second-generation reforms' goal is to complete the transformation of the role of the state in the oil sector. (Nelson O Magbagbeola, 2007).

Corporate strategies of oil corporations play a role in the economic aspects of the oil sector. Oil firms prefer equity funding as well as risky debt to equity due to information asymmetries between internal and external stakeholders. The leverage that oil companies/organizations have are determined by attributes such as the value of its assets, the size of the organization, the profit margins, the growth opportunities and non-debt tax shields. The oil sector is also adversely affected by politics and government regulations. The main cause of the variance in GDP and unemployment are shifts in crude oil prices due to deregulations. Based on the findings of a study on the Nigerian Public Institutions by Adeoye O Akinola and Henry Wissink (2017), the study points out how the performance of public institutions in the country has been curtailed by political factors. The findings showed that the public institutions remained bloated, ineffective, incapacitated, incompetent, unprofessional and uninspired. Naser Bagheri Moghadam suggests that the relationship between the oil industry, government and universities is a key factor in economic and technological development in the oil sector.

Oil sector activities such as extraction, transportation, refining and consumption have been found to have impacts on the climate, health and social aspects of the surrounding environment. Due to exposure to toxic contaminants, locals living in areas with oil production activities have increased risk of diseases. Oil related activities have also been found to lead to displacement, land cost increase and risks of detrimental health effects experienced by workers. On a positive note, the oil sector if well managed and regulated has the potential to generate a sizeable amount of employment. Corporate Social Responsibility (CSR) of oil companies also has a sizeable economic and socio-economic impacts. Research shows that oil companies turn to Corporate Social Responsibility as a means to gain legitimacy and in order to appeal to stakeholders.

Theoretical Research

Oil Sector

Impact on Economy

Cap-rock seals can be genetically classified into seals that fail due to capillary leakage (membrane seals) and those whose capillary inlet pressures are so high that seal failure ideally occurs due to fracturing and/or wedge opening of faults (hydraulic seals). N. L. Watts (1985) pointed out that the membrane screen may trap a larger oil column at shallow depths than the gas column, but the gas can be screened easier below critical depth (interval). With lower API, less GOR oil and excess pressure, this critical depth increases. A bigger column than the gas column can be connected at deeper depths. The effect of a decrease in gas density is higher gas-water interface tension. Sealing defects are the same as membrane cap-rock screws tilted to the defective plane's angle. In the case of membrane fracking, not hydraulic fracking, hydrocarbon dysfunction is the ideal source of most or all defects. Density should be closely connected to the hydraulic screening capacity together with the degree of the in situ stress in the jointly selected layer and the degree of over-pressure development in a series.

Howard Garland et al (1990) evaluated the combined effects of sunk costs and negative feedback on de-escalation in Oil Corporation by conducting three predefined experiments. Petroleum geologists in experiments 1 and 2 responded to situations where 1 to 4 dry wells had been drilled. The results of the above studies suggest that it could be the degree to which this information predicts potential outcomes that the consequences of negative information can be decided on decisions to step up or remove them from ongoing projects. The authors of this paper have chosen deliberately a situation in which very simple downfall costs are associated with unambiguous negative feedback, based on the decision of the Petroleum Geologists to start an oil exploration undertaking following drying water wells. The approach

utilized in this research seems to reflect an improvement from previous studies of sunken costs and rising effects; university students have more frequently been asked to respond to theories beyond their sphere of experience.

Dabbs (1996) noted that most countries depend on oil. States will spend a lot of money acquiring the capacity to produce oil or ensuring access to the free flow of oil. According to the author, history has given many examples in which states are prepared to go to war to acquire oil resources or to protect the oil-producing region. States have also engaged in disputes over regions that can only hold oil supplies. This is a trend is likely to continue in the future until a lower cost resource is found or the world's oil wells go dry. One problem with this reliance on oil is the extremely detrimental effects of production, distribution, and sustainable use. However, incidents and disputes can interfere with development or the actual oil resources, which can also result in destruction of the climate.

Robert B. Barsky and Lutz Kilian (2004) challenged the notion that at least major price movements in relation to the U.S. macro-economy could be viewed as exogenous. Oil prices were considered responsible for recessions, excessive inflation periods, and reduced productivity and reduced profits. The authors argued that macroeconomic variables should have reversed causality to petroleum demand also claimed that the belief that only oil price shocks can explain stagflation in the 70s is one explanation for the success of the oil shock hypothesis. The research emphasized that exogenous political events in the Middle East are one of many drivers of oil prices, and that apparently similar political events would vary greatly from one episode to the next, in line with changes in demand in the petroleum market and global macroeconomic conditions. It also suggested that oil price shocks are not required and adequate to explain the stagflation and deflator of real GDP and the

oil market is affected. It is likely less critical for US macroeconomic success than widely believed.

Hugo Chorell and Emma Nilson (2005) studied the involvement of FDI investments in Chinese oil sector and examined whether FDI undertaken can be explained on the basis of prevalent theories on FDI. By interlinking three pieces of information namely theoretical framework to explain TNCs FDI behavior, energy situation and finally FDI undertaken by Chinese oil companies in Sudan, Kazakhstan and Canada. Dunning's eclectic theory and the OLI advantages were used for the very purpose of analysis. The analysis then discussed the rationale for investing, even though not all of the advantages of OLI did exist. This is explained by the fact that Chinese oil companies are state-owned and cannot serve as companies to boost revenue. The Chinese government has given political support to economic motives in its goal of ensuring long-term energy stability. Finally, China's policy on oil ownership is contentious and critical at the point of development.

Humphreys (2005) specifically attempts to "discover" various causal processes through econometric methods, primarily by using different measures for natural resource mechanisms-including, on the one hand, oil production, and reserves. Findings have said that there is little evidence for covetous rebels-indicator of the greater value of oil reserves than past crude oil production-but that protests are the result of a weakened state. The study allowed econometrics, which had considerable problems in testing causal mechanisms, especially because of the lack of data and the sensitivity of results to model requirements, as well as the failure to test all mechanisms in his research.

Abubakr Saeed (2007) analyzed the data retrieved from energy sectors in Pakistan by incorporating regression models to check that if financial patterns of country's energy sector follow any capital structure theories. Between 2001 and 2005

the analysis was conducted on a sample of 22 listed companies. The findings of the pooled multiple regressions show that for companies in the Pakistani energy sector, the both Static Trade-off Theory. In the adopted methodology five explanatory attributes had been incorporated namely collateralizable value of assets, size, profit, growth opportunities and non-debt tax shield to determine the leverage of organization. A suitable regression model was constructed by using attributes mentioned above to evaluate the significance of numerous theories of financial systems. Pecking 's order theory states that firms prefer equity funding as well as risky debt to equity due to information asymmetries between internal and external stakeholders. The Agency's cost theory illustrates the economic behavior of firms in terms of the agent and the main relationship. Finally it was concluded that both Static trade-off theory and Pecking order theory are partially accepted in country's energy sector.

Boris Asrilhant et.al (2007) investigated strategic project management in the UK upstream of the oil and gas sector. The management process is represented by a set of elements that cover context, content and output. There appeared to be a discrepancy between those elements associated with success and that receiving significant management attention. Through questionnaire piloting, the elements involved in strategic project assessment and control were discussed extensively with professionals in the upstream UK oil and gas industry. Findings suggested lack of new UK petroleum prospects in upstream UK oil and gas field. The factors that affect a project's quality of life and its long-term prospects. This article suggests that the convergence of financial, environmental (green), geological and internal business issues might be a healthy route for the UK upstream oil and gas sector. The next step of this research study addressed the role of techniques in facilitating successful strategic project management.

Nelson O Magbagbeola (2007) addressed theoretical and conceptual issues related to economic reforms and also discussed the classification of economic reforms as reformists of the first and second generation. The report also looked at the calculation of subsidies for petroleum products in the country and noted that there were two anomalies in the regulation of the domestic petroleum market. The two approaches under consideration were an incremental approach and a "big-bang" approach. First generation reform efforts usually begin with trade reform to open the economy to foreign markets. The goal of second-generation reforms is to complete the transformation of the role of the state. Petroleum and diesel prices reflect the cost of production as determined by the cost of import parity. The theory notes that all three parts of the government should have wisely used their profits from the deregulated offshore oil sector paid to the national federation account.

Crude oil was a major source of revenue, energy and foreign exchange for the Nigerian economy. The research by Gbadebo Olusegun ODULARU (2008) revealed that crude oil consumption and exports have contributed to the improvement of the economy. The study suggested that the government encourages the private sector to participate actively in the crude oil sector. The econometric model to be taken into account in this analysis is based on crude oil prices, external reserves, internal demand and crude oil exports as an explanatory variable and a dependent gross domestic product. A number of results based on this research seem to be inevitable. Diversification of Nigeria's National Petroleum Corporation (NNPC) will enhance refined export baskets by producing downstream petroleum exports. It is therefore possible to establish better equipped refineries, which will reduce the cost of crude oil refining. Protection on the high seas in which crude oil products are stored should be enhanced by attempting to

smuggle. This significantly reduces the loss of illegal crude oil exports.

As compared to Middle East and several African oil rich states, Cuba is perhaps the only non oil state that has extensively practiced petroleum owing to the fact that Cuban leadership alliance within the club of oil producers as pointed out by Roberto Orro (2009). Research has shown that oil does not mix with democracy and economic development. The idea of U.S. oil companies drilling offshore in Cuba has gained more adherents. Under this scenario, both Cuba and the U. S. lose, says John Deferios who calls Cuba's oil industry a "Dutch disease" and says the true potential of the Cuban industry remains unknown. The Brookings Institution claims that Cuba's best way to achieving economic independence is to reform agriculture. John Deferios argues that the income rates of Cuban American families and not US restrictions are the true constraint on cash transfers to Cuba. The Brookings Institution believes that many of the ideas put forth by the think tank could work in this direction positively. Without the participation of American firms, Cuba knows that the oil equation is inconclusive. There is no awareness of the maximum worth of the Cuban oil market. The economic advantages of participation by the United States are definitely not certain.

The interaction between 5 independent variables chosen was examined and checked by Abdel Hafiez Ali and Zienab Kodai (2012) for knowledge efficiency, namely the exchange of information, the status of records, and the flow of communication, human resource processes and the incentive policy level. This was precisely the reason for which the Sudan oil sector was chosen and 5 hypotheses were made. The study showed a positive relationship in terms of performance of knowledge transfer between work satisfaction and the culture of the organization. The study also supports variables of job satisfaction, corporate cultural communication flow and their

important relationship with the productivity of knowledge acquisition. The findings of this study should enable organizations in particular to focus on the performance of knowledge transfer among employees, so as to benefit from the organization's foreign experience.

Naser Bagheri Moghadam et al (2012) used benchmarking to define a framework for the creation of positive university-industry ties in the Iranian power industry. In order to explore the characteristics of mission, vision, values & goods / services, 20 research organizations from 15 countries have been selected. The main factor investigated by the targeted organizations was the structure of relations with the government, industry and other universities and research institutes. The relationship between industry and government and universities is a key factor in economic and technological development. Niroo Research Institute (NRI) may be active in R&D management and technology growth organization. The authors noted that the new NRI position would increase research and development production in Iran's energy industry and address the fundamental requirements of the industry, thereby efficiently achieving the strategic goals in the industry and technological-economic growth. The study identifies how this issue would be solved by including this intermediary structure via the Niroo Research Institute. The research suggests that intermediaries play a key role in Iran's power industry structure and are missing.

Based on its effects on economic growth in Nigeria, the global recession and petroleum sector were investigated by S.O Oladipo and J. O Fabayo (2012). The CBN Statistical Bulletin data were collected. The effect of the global recession on the oil sector between 2008 and 2009 was described as a quarterly trend study. In order to determine the impact of crude oil production on economic growth in Nigeria, we specify our model. Mankiw, Romer, Weil and Milbourne, Otto and Voss were

based on studies in the selected model. At different level of government (state, local, corporate and financial institutions), the country continue to face significant socio-economic challenges. High reliance on oil and gas, insufficient growth advances for a wider segment of its population and the need to connect the growth achieved to good economic policies will remain economic.

Chantelle Nortje et al (2014) attempted to establish a theoretical framework of their study by developing sustainable balanced scorecard along with integrating reporting for oil and gas sector in South Africa. All JSE listed companies in the petroleum and gas field conducted investigation. The consolidated reports were collected from the respective client websites for both the reporting years 2011 and 2012. The performance metrics listed in the integrated reports have been compared to the supplementary indicators for the oil and gas sector in compliance with G3.1 version requirements. The study aimed at finding progress and developments in the management of their sustainability. In addition, along with the introduction of the oil and gas industry, the GRI system can be used to define performance metrics for a particular business. Such metrics can then be combined with regular BSC measurements ensuring balance in political, cultural, environmental and social matters.

Jacob D Unger (2014) has undertaken an offshore study that will greatly help both the states of Alaska as well as the United States, it is important that the offshore regulatory system of the United States safeguards the environment of Arctic Alaska and innocent third parties adequately. The study also explores the limitations of the current regulatory framework on offshore boilling in the United States and proposes a four-part program which properly encourages operators to boil safely and adequately offsets damaged parties. Study suggested that the United States should review its regulatory regime by significantly enhancing liability and

establishing a risk-based premium fund and also by establishing an additional fund of companies extracting hydrocarbon over a specific threshold.

Lutz Kilian [2014] discussed about causes and consequences of oil price in international market. Over the period of time empirical and theoretical economic models have been evolve and so as our understanding regarding determinants of oil price surge as well as symbiotic relation between oil markets and global economy. There were two models taken into account to tackle this issue. First one was niggardly structural Vector Auto Regression (VAR) models. This was based on the idea of minimal assumptions. The problem with this approach is not only one of the identifying additional shocks but also reliability of the regressions while including more parameters into it. The model may be augmented by incorporating additional macroeconomic variables into it. But for studying a macroeconomic policy, an even richer shock structure is required. For this a fully specified DSGE models are required which explicit microeconomic structure. It allows user to clearly differentiate between fiscal and monetary policy shocks.

Matthias Basedau et.al. ,(2014) used groundbreaking methods to examine the causal mechanism of the oil-coping link relation, combining a systematic approach with country information. Study used four major oil exporters to test deductive causal mechanism. Findings show that no causal mechanism related to oil can fully explain violence differences. A more inductive approach complemented by process monitoring indicates a more detailed mechanism: oil contributes by grievances to the creation of opposition. However, levels of violence vary largely based on non-oil conditions – especially opposition cohesion and government's response to challengers.

Mary G Visher et al (2015) undertook a case study of cuckoo's nestling in Norwegian oil sector and reasoned that the single most compelling reason why the state could go as far as it did was to

eliminate its economic dependence on the private economy for its revenues. The policies pursued by the State to maintain and expand this autonomy were at least partially hostile to private accumulation. Conflicts between the regulatory and productive functions of the state are an example of a contradiction that is generated and reproduced within the internal dynamics of the state apparatus. A new mode of production would mean a changed relationship between the state and the economy. The extent to which this new relationship stands. The new relationship can be explained by the standard Marxist theory of the state. A new approach to new realities promises a great deal, we believe, for a better understanding of modern states and their relationship to the economy, society and classes. The article implies that Statoil has forever excluded private control from the richest sector of the Norwegian economy.

Alessandro Bondi et al (2016) tried to bridge the gap in information on vectorisation in the oil and gas sector between academics and practitioners. He demonstrated how two case studies successfully implemented a theoretical framework on modularization. The data collected allow these to be analyzed in three different levels with a double objective of validating the ontology used and a better understanding of modular approach characteristics. The impacts quoted by the company are compared. This work fills the gap between modularization theoretical expectations and real practice in EPC enterprises. The most problematic issue was defining processes that reflect the company's strategy for handling projects. The research offers a model that covers all the major issues relevant to a modular approach to the EPC context of oil and gas, beginning with the bodies involved in implementing a modular project.

The management of the downstream oil sector has not been successively supervised by public institutions. Nigerian public institutions remain bloated, bloated,

ineffective, incapacitated, incompetent, unprofessional and uninspired. The modern Public Management theory and unstructured interviews were used by Adeoye O Akinola and Henry Wissink (2017) as a basis to assess the role of public institutions in oil distribution and marketing. In addition, low policy output is the result of the crisis in the petroleum sector, leading to subsidy cuts and attempts to deregulate the downstream petroleum markets. A constructivist epistemological approach to research that finds meaning in the context of information gathered by Nigeria. The article also points out how the performance of public institutions in the country has been curtailed by political factors. The Presidency is disproportionately strong and dominates the petroleum market. Only a re-energized public service driven by visionary and responsive leadership can achieve this.

Jose Satsumi Lopez-Morales et al (2017) analyzed the internationalization patterns of main state giant oil corporations namely PETROBRAS (Brazil), PEMEX (Mexico) & PDVSA (Venezuela). For the very purpose, "OLI" (Ownership, Location & Internationalization) theory was deployed. It is all with the goal of raising the attendance at global ventures, to find a place to purchase more affordable inputs. According to the report, these companies are looking for international partners to develop exploratory ventures and specialized manufacturing businesses. The study was based on interviews with more than 100 people from the UK and U.S. petroleum and gas industries. The biggest difference between PEMEX, PETROBRAS and PDVSA is where they go abroad. In short, the petroleum industry has a new dream for the future. Yet it should be borne in mind that great sacrifices and significant expenditure have to be made to alter the nature of each nation's competitive advantage. The most effective strategy for internationalization is that which proposes global institutional integration.

In 184 research on the Web of science, scopus and Google scholar articles,

Gian Marco Moise (2020) researched corruption in the petroleum sector. The report was a systematic analysis and review of corruption literature in the global economy's oil field. It indicated an improved collaboration of qualitative and quantitative research would benefit from the study of corruption. The article also pointed out and concluded that factual analysis would be used for measuring the manifestations of corruption that can be identified by exploiting fact indexes. It is proof of the literature's biases against Nigeria and Africa in general. A systematic review analyses corruption literature in the global oil industry. Bradfords Lawon was pleased with the productivity of journals and with the Lotka Law on authors' output. This has been able to evaluate the evolution of research on this specific subject by evaluating the approach taken by various literary sources. The integration of research and advocacy will be a true multidisciplinary solution to this issue.

Assia Elgouacem and Nicolas Legrand (2019) tried to investigate the relationship between storage capacity and irreversible investment decisions in investment and product dynamics. A full scale mathematical model named as Model. IRREVS was developed and simulation results were discussed either remove the irreversibility constraint on investment or that of storage, or both. The findings of simulations obtained in four model models depending on whether or not the investment is permanent and storage clearly support the value of both economic mechanisms. A near association between the two prices translates into greater potential uncertainty, making the non-negative cap even more penalizing. Among the anticipated effects of value is a higher output stability, which in the current modeling diminishes too quickly as volatility rates in future prices. The new frictions following the establishment of a second but not predetermined production factor and the resulting effects should also be considered attractive.

Olorunfemi Yasiru Alimi and Olajide Johnson Alese (2017) have made a comparative analysis of investment finance between the oil and agriculture industries in Nigeria, which takes account of both debt and non-debt financing instruments. Using data from 1971–2011, it uses both concise and long-run analyzes to determine evidence. The empirical findings showed that with different magnitudes, all of the adopted debt and non-debt financing instruments follow the same course. Of all these resources, savings (growth stocks and treasury bills) are the best combination of non-debt and (debt) financing used to drive both agricultural and oil sector production. The research highlighted that in the growth of agricultural sector, the FPI and the ODA have about the same negative but varying degrees of influence on the growth of oil production; show a greater impact than agriculture on petroleum production; farming industry outcome has a more positive influence on TB and DB while the TCB as well as international lending club have a detrimental effect.

There had been little research into the role of business actors in the fossil fuel industries leading to climate change for which ad-hoc coalitions seem to be an effective way of influencing existing political competitions for business actors. Such understudied areas are discussed by Christian Downie [2018] who theoretically defined distinguishing components of ad-hoc coalitions. It illuminates how ad hoc coalitions were employed by business players to form policy outcomes. For this very purpose the author undertook three cases of ad hoc coalitions. The National Manufacturers' Association may be estimated to serve its corporate interests. The single-issue focus of the coalition allows companies to focus on one issue so that existing business partnerships with competing targets are unable. The results discussed here were to be generalized for cases with similar features. The authors also suggested that future studies should consider cases in which these coalitions

have been resolved and have not yet been formed by citing an example of this is the US pharmaceutical or financial industry.

Price Volatility

Douglas A Yates (2009) assessed a number of important international governance initiatives in the African oil sector. Case studies of eight African oil-dependent states have been tabulated for comparative analysis. The research concluded with a critique of the Extractive Industries Transparency Initiative and it was clear from the report that the action and transparency campaigns of the various extractive industries are feasible but not suited to improving the governance of the African petroleum industry. It takes a good deal to overcome the curse of capital. Next, accountability for establishing a government-to-private independence, an autonomous and transparent revenue management framework. In addition, the development of separate revenue management funds. Second, to maintain a high national savings ratio and carefully track government spending and focus on social spending. Fourthly, a reasonable distribution of wealth. Fifthly, to develop uniform procedures for negotiating oil contracts carried out by a powerful and meritocratic civil service.

When new agro-fuel and oil-ethanol grain connection formed, interconnections between the agriculture and energy markets have expanded. As indicated by Sayed H. Saghaian (2010), the problem is that these ties are causally influenced by petroleum prices affecting food prices. The study of Granger's contemporary time series analysis had been incorporated. Although oil and commodity prices are closely correlated, evidence that the prices of oil and commodity are causally connected is mixed. The oil-ethanol crop connects grains directly with ethanol and the oil markets. The US Dollar's withdrawal is a major contributor to rises in food prices. The increasing production of bio-fuels contributes to macroeconomic policy

elements and current global market conditions. Addressing reliance on foreign oil may be using renewable energy sources such as ethanol. Both domestic and foreign cereal markets were greatly impacted by the oil markets and the ethanol industry. The use of ethanol as a near replacement for oil is well outside the farming field.

In response to shifts in oil prices, Mohamed El Hedi Arouri (2011) examined European stock price responses. The results indicate that the strength of the association differs significantly from one field to another. However, in some cases, stock reactions expose strong asymmetry to price fluctuations for oil. For the recent periods of the Back series of disruptions, the analysis analysed the short-term relation between oil price and the European financial sector. A multifactor analysis was conducted by evaluating stock-sensitivity data analysis sector development prices in the European stock-economic system on crude prices and transitions. In order to determine the causal relationship to the short term, a Grange causality check was also performed. The results for the industry only suggest a poor causality of oil and inventory growth. Of basic materials, asymmetric positive stocks have been reported to return reaction to changes in the oil price. This industry includes mining and refining of basic and precious metals, chemicals producers and forestry products, and the essence of the extractive activities underlying the oil and gas field has similar characteristics. There is a negative short-term connection for both stock returns and changes in crude prices for both the technical and telecommunications sectors.

Sabiu Bariki Sani and Reza Kouhy (2014) too employed the Vector Auto Regression Model with Variance Decomposition, Impulse Response Function and Granger Causality test to determine the impact on the macroeconomic variables GDP and unemployment from the deregulation in the downstream oil field. It shows that the main cause of the variance in GDP and unemployment are shifts in crude

prices due to deregulation. The main focus was on relations between shifts in oil prices resulting from deregulation, namely GDP and UNEMPRISIS, and two macroeconomic variables. The study concludes that there is a significant connection among these two main macroeconomic variables in Nigeria between the fluctuations in domestic oil prices. In the report, the effect on GDP was positive while deregulation had a negative effect on UNEMPRISIS in the short term, which was also long lastingly positive. The study concludes that long-term domestic price stability should be assured through the Programme.

Samane Shadab and Amir Gholami (2014) aimed to research in the Tehran Stock Exchange the relationship between size, currency, inflation and stock price index. The analysis then explored the theoretical basis for research, including portfolio theory, fishing theory, arbitration and business approach theory. In addition, VAR model and the process of variance analysis were evaluated for the 12 months. In contrast to the expected theory studies, Granger causation test and Wald test studied the correlation between different variables. The findings show that all the variables are based on the common Dickey-Fuller test apart from oil shocks and inflation and also an logarithm of the exchange rate and inflation rate has a short- and long-term causal connation with the stock price index. In terms of commodity market theory, the weak and negative relation between exchange rate and stock price index is expressed. The causal relationship between exchange rates and inflation is expected to be consistent. In order to create prospects for growth and development of the Tehran Bourse non-economic variables should be examined.

Muhammad Mujtaba Asad et.al. (2017) studied control factors and measures in the oil and gas industries to reduce workplace risks and hazards in drilling processes. The study uses data from randomly selected health and safety experts and drilling crews of major offshore and

offshore oil and gas industries in Malaysia, Saudi Arabia and Pakistan. Findings showed that the implementation of proposed theoretical work to establish major control factors for the prevention of accidents and the efficacy of the proposed expert framework for drilling process safety training activities.

CONCLUSION

The analyses of impact of oil and gas exploration on the economy could be further looked into for future analyses on more impact on global warming and further economic impact, however judging by the findings of this present investigation and in line with earlier researches, it can be concluded from the study that, oil and gas exploration has both negative and positive impacts on the economy, in term of price volatility, the new Agro-fuel and oil-ethanol grain connection formed, interconnection between the agriculture and energy market has expanded. Nevertheless, the problem is that these ties are causally influenced by petroleum prices affecting food prices. The studies made have provided the health consequences of oil and gas exploration, increase infections of heart, respiratory diseases, skin infection and lung infection caused by the air pollution, these factors have a negative impact on the economy. The studies have also established the social problems affecting the communities due oil companies' operations resulting in people displacement. On a positive note oil and gas exploration has resulted in economic upswing and growth in more progressive societies, creating more jobs resulting in laborers shortage, and on the other hand, in the developing countries, indigenous firms, have the potential to generate sizable amount of employment provided this firm are well managed and regulated.

The governments and agencies must pay a pivotal role such as monitoring local content development and contracting procedures. Also, emphasis has to be given to more skill development of the local workforce through encouragement of

foreign oil companies' integration to introduce latest technologies and latest competence development. Based on this review, it is argued that Corporate Social Responsibilities (CSR) will help the efforts of organizations to maintain positive partnership with their workers and gain support even in a contentious sector of industry. Oil companies turn to corporate social responsibilities as a mean of gaining legitimacy. Researchers have also pointed out the relationship between industries, government and universities has to be improved as it is a key factor in economic development and technological advancement in the oil sector. Studies suggest that governments, institutions and oil corporations should bridge the gap in information on vectorization in the oil and gas sector between academics and practitioners. Public institutions especially those involved in the oil sector in underdeveloped countries have in the past proven to be ineffective in the management and supervision of oil resources. In order to achieve proper management, an evaluation of means to improve these institutions should be undertaken which aims of transforming the institutions. In addition, regulatory systems in underdeveloped countries should be reviewed with an emphasis on legislations that safeguard the ecosystems, the local populations' health and well-beings and the safety of workers in the oil sector. In general, the oil sector's impact on the economy is varying around the world depending on the control of variables such as management, politics, environmental regulations and Corporate Social Responsibilities (CSR).

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