

Attractiveness of Large Oil Companies for External Investors in 2004-2013

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Abstract

This paper examines the relationship between the investment attractiveness of the oil companies and the various indicators of their financial and economic performance. The research follows a quantitative approach covering 22 large oil companies from 12 countries in 2004-2013. The results of the study shows that when investors make decisions about investments in oil companies, such factors as the change in operating expenses per one barrel, level of sales per employee, and the presence of sufficient reserves, but not the current financial performance of oil companies, play a decisive role. This is due to the specific features of the oil industry, such as the long-term and risky nature of investments, and the great importance of oil deposits.

Keywords: Oil & Gas industry, Firm Performance, Oil Companies, Crude Oil