

Capital Structure and Firm Value of Listed Oil and Gas Firms in Nigeria

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Abstract

The study examined the impact of capital structure on firms' value of listed oil & gas firms in Nigeria. The study further examined the moderating effect of their nexus between capital structure and firms value of listed oil & gas firms in Nigeria. The source of data employed involved the collection of data from listed oil & gas firms on Nigeria Exchange Group's website. The study adopted the ex-post factor research design. The sample consisted of nine (9) listed oil & gas firms in Nigeria Exchange Group for a period of 9 years (2014 to 2022). The data gathered was analyzed using the panel least square. The result of the study revealed that equity capital has positive and significant effect on firm value of listed oil and gas firms in Nigeria. Secondly, the moderating effect of board meeting on the nexus between equity capital and firms value was positive and significant. Lastly, the moderating effect of board meeting on the relationship between long term debt and firm value of listed oil & gas firms was negative and significant. Therefore, board meeting is the only corporate governance variable that has moderating effect between equity capital, long term debt and firm value. The study recommended that the frequency of board meeting in oil & gas firms in Nigeria should be increased so as to have an ample time to discuss the success of the organization as regards capital structure.

Keyword: Capital Structure, Firm Value, Corporate Governance

INTRODUCTION

Firm value (FV) is the economic measure of company's market valuation. FV represents shareholders' wealth which comprises secured and unsecured capital, preferred capital as well as equity capital. FV is a vital measure of business valuation, accounting, portfolio evaluation, and financial modeling. For a firm to boost of accomplishing its objective in creating value with shareholders fund, there should be an optimal capital mix employed. Therefore, the

significance of maintaining an optimal mix capital structure decision cannot be overemphasized. Making an efficient optimal mix of financing instruments (capital structure) - such as equity capital, preferred capital, and debt capital, is a critical and fundamental decision that has generally been perceived to be strategic (Kumar et al., 2017) and has largely influenced the value of the firm as well as shareholders' objective of wealth maximization (Bui et al., 2023; Obiekwe et al., 2023).

Also, the corporate governance system in the firm could have an effect on the relationship between working capital and firm value. As its mechanisms largely influence the financing decisions of corporations which thus impact the value of the firm. Specifically, some of these governance mechanisms that help to moderate the influence of capital structure on FV include the independence of the board, diversity of the board in relation to gender, size of the board as well as frequency of meeting of the board. Consistent with this, prior studies (Abhijit, 2017; Adeyemi & Oboh, 2011; Ahmad et al., 2020; Almahadin & Oroud, 2019; Bui et al., 2023; Etim et al., 2022; Obiekwe et al., 2023; Okeke & Okeke, 2019) have exhaustively examined the relationship between capital structure and firm value without considering the moderating effect of CG. This study takes different direction from prior studies by taking cognizance of the moderating effect of CG and thus focusing on the oil and gas sector as this area has not been fully researched.

The remaining part of the study is divided into sections: Section 2 presents literature review and hypotheses formulation; Section 3 describes the methodology and data analysis technique; Section 4 presents the theoretical framework and model specification; Section 5 describes data presentation and discussion of findings while Section 6 presents the conclusion and recommendations.

LITERATURE REVIEW

Conceptual Review

Firm Value

According to Venkatraman and Ramanujam (1986), company value may be measured using a variety of financial criteria such as revenue growth, profitability, earnings per share, market value/book value ratio, and Tobin's Q. Firm value is also measured using non-financial metrics such as brand recognition, market share value, product quality, marketing efficiency, and production value. Scholars such as Ali et al. (2022), Mihail and Micu (2021), and Phillips and Sipahioglu (2004) have emphasised the aim of return on assets (ROA) as an essential indication of corporate value. Conversely, (Nguyen et al. 2023; Abor 2005; Adekunle, Okere, Kokogho, Loretta & Odio, 2024; Yang et al. 2010) have emphasised the importance of return on equity (ROE) in determining business value. This study employed the Tobin's Q. as a measure of firms' value.

Capital Structure

Experts disagree on what constitutes a capital structure, but Riyanto (2010) defines it as a permanent investment that is represented by the ratio of long-term debt to own capital.

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According to Horne (1988), a company's capital structure is defined as the percentage of funding or long-term permanent capital that is represented by debt, preferred stock, and common stock. The definitions lead to the conclusion that capital structure is the ratio of long-term debt to equity capital in permanent financing. The proportion of long-term debt to equity capital indicates the capital structure, which is an ongoing expense. The ratio of these two factors will have an impact on the company's predicted level of return and risk. Many theories of capital structure have emerged because changes in capital structure can affect changes in business value. Whether changes in capital structure have an impact on business value is explained by capital structure theory.

According to Sudana and Arlindania (2011), a company's capital structure is determined by the ratio of its long-term debt to equity, which represents its long-term expenditure. A business will select the best capital structure at the lowest cost of capital in order to maximise earnings and firm value. Firm value refers to the amount of money a buyer is prepared to spend to purchase a business (Husnan, 2005). When a firm becomes public, its value is determined by its stock price, which is determined by trading activity on the capital market (Abor, 2005).

Corporate Governance

Corporate governance (CG) is the system by which a company is directed and controlled; supports fairness, honesty, and transparency to stakeholders by the agent responsible for the routine operations of the company. These governance mechanisms that help to moderate the influence of capital structure on FV include the independence of the board, diversity of the board in relation to gender, size of the board as well as frequency of meeting of the board. The framework and procedures of corporate direction and control are referred to as corporate governance (World Bank, 2005). The interaction between management, the board of directors, controlling shareholders, minority shareholders, and other stakeholders is the subject of corporate governance. Corporate governance is a framework and process that company organs—directors, managers, shareholders, and parties involved in the development of the company in particular environments—use to improve business performance and accountability in order to eventually increase shareholder value while also taking other stakeholders into consideration in accordance with legal requirements and moral principles (Negara, 2019).

Theoretical Review and Framework

This study is anchored on the agency theory (AT) which is credited to Jensen and Meckling (1976). The AT stipulates that firms are viewed as a connection for a set of contracting associations among persons, whereas classical economics sees firms as single-product entities with the broad aim of profit maximization (Zogning, 2017). AT describes the activities of a firm from the viewpoints of various contracts between diverse parties as shareholders who contribute funds for a firm to operate are not considered as the owners of the firms but as the risk takers of the firm. The theory describes managers as agents and shareholders as principals. The AT maintains that the value of a firm cannot be improved if the appropriate incentives or suitable monitoring are not sufficient to restrain firm managers from employing their own discretion to maximize their benefits.

Zogning (2017) argued that AT is founded on two behavioural assumptions. On the one hand, it assumes that individuals tend to maximize their utility; and on the other hand, it posits that individuals are probably to benefit from the incompleteness of contracts. Similarly, Eisenhardt (1989) debated that AT is concerned with resolving two (2) fundamental problems that can occur in agency connections. On the one hand, agency problem arises when the needs or objectives of the shareholders and management are incongruent. That is, agency problem arises when it is challenging or costly for the shareholders to confirm what the management is really undertaking. On the other hand, agency problem is the problem of risk sharing that occurs when the shareholders and management have diverse approaches toward risk. The challenging thing here is that the shareholders and the management may prefer diverse actions due to the diverse risk decisions. The AT is employed in this study based on distinctive role of corporate governance on the relationship between capital structure and firm value.

Empirical Review

Obiekwe et al. (2023) explored capital structure as a determinant of firm's value among fourteen (14) quoted firms in Nigeria for the period of one (1) year i.e 2022. The data gathered were analysed using the OLS regression technique and found a positive and significant relationship between equity capital and firm value in Nigeria.

Adeyemi and Oboh (2011) studied the perceived relationship between corporate capital structure and firm value using a sample of one hundred and fifty (150) respondents from ninety (90) listed firms in Nigeria for the period of five (5) years from 2005 to 2009. The data sourced were analysed using the Pearson Chi-Square tool with the aid of the Statistical Package for Social Sciences, (SPSS) Version 17.0 and found a positive and significant relationship between equity capital and firm value in Nigeria.

Bamidele et al. (2023) examined the relationship between corporate governance, financing and firm value of ten (10) food and beverage firms listed on the Nigerian Exchange Group (NGX) for the period of ten (10) years from 2011 to 2020. The data gathered were analysed using the panel least squares (PLS) and found a positive and significant relationship between corporate governance mechanisms and firm value in Nigeria. Musa and Yahaya (2023) explored the relationship between corporate governance and firm value among one hundred and thirty-four (134) listed companies on the NGX for the period of ten (10) years from 2013 to 2022. The data sourced were analysed using the Generalised Method of Moment (GMM) regression technique and found a positive and significant relationship between corporate governance mechanisms and firm value in Nigeria except for board size which has no significant relationship with firm value in Nigeria.

Hanen and Jamel (2021) investigated the nexus between corporate governance and firm value among one hundred and eleven (111) European financial institutions for the period of thirteen (13) years from 2007 to 2019. The data assembled were analysed using the multivariate regression technique and found a positive and significant relationship between board gender diversity and firm value while a negative and significant relationship exists between board size and firm value. The study also found a positive but insignificant relationship between board independence and firm value.

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Ahmad et al. (2020) examined the effect of debt financing on firm value among thirty (30) quoted firms on the Nigerian exchange group (NGX) for the period of ten (10) years from 2008 to 2017. The data sourced were analysed using the panel regression technique and found a positive and significant relationship between long-term debt capital and firm value in Nigeria. Etim et al. (2022) investigated the nexus between debt financing and firm value among sixteen (16) out of twenty-one (21) listed consumer goods firms in Nigeria for the period of seven (7) years from 2013 to 2019. The data sourced were analysed using multiple regression technique and found a positive and significant relationship between long-term debt capital and firm value in Nigeria.

Okeke and Okeke (2019) examined the relationship between capital structure and firm value among fifteen (15) quoted companies in Nigeria for the period of nine (9) years from 2007 to 2015. The data assembled were analysed using the OLS regression technique and found a positive but insignificant relationship between equity capital and firm value in Nigeria. Kausar et al. (2014) explored the link between capital structure and firm value among one hundred and ninety-seven (197) quoted companies in Karachi Stock Exchange (KSE) for the period of eight (8) years from 2004 to 2011. The study employed the regression technique in analyzing the data collected and found a negative and significant relationship between long-term debt and firm value (Tobin Q) in Pakistan.

Abhijit (2017) conducted an enquiry into the effect of capital structure on firm value among quoted eleven (11) out of seventeen (17) companies in the power sector in India for the period of nine (9) years from 2007 to 2015. The data assembled were analysed using the panel regression technique and found a negative and significant association between long-term debt and firm value (Tobin Q) in India. Obiekwe et al. (2023) explored capital structure as a determinant of firm's value among fourteen (14) quoted firms in Nigeria for the period of one (1) year i.e 2022. The data gathered were analysed using the ordinary least squares (OLS) regression technique and found a positive and significant relationship between long-term debt capital and firm value in Nigeria. Lawal (2014) investigated the link between capital structure and the value of the firm among fifteen (15) listed commercial banks in Nigeria for the period of six (6) years from 2007 to 2012. The data sourced were analysed using the OLS regression technique and found a positive and significant relationship between long-term debt capital and firm value in Nigeria.

METHODOLOGY AND DATA ANALYSIS TECHNIQUE

The longitudinal research design was employed to explore the moderating role of corporate governance on the relationship between capital structure and firm value in Nigeria for a period of nine (9) years from 2014 to 2022. The design is suitable in this study as it enables us examine the link among the regressors (long-term debt capital and equity capital) and the dependent variable (firm value) considering the moderating effect of corporate governance mechanisms. The total population of the study comprised all the nine (9) oil and gas companies quoted on the Nigerian Exchange Group (NGX) as at 31st December, 2022. The choice of this sector was made because most prior indigenous studies focused on other sectors without due consideration to the oil and gas sector. The study took a census of all the nine (9) oil and gas

companies quoted on the Nigerian Exchange Group (NGX) as at 31st December, 2022 due to the small number. Also, the period of 2014 to 2022 was investigated because it has not been examined in prior studies based on the researcher’s knowledge.

The Panel Least Squares (PLS) regression technique was employed to obtain the link between the regressors and the regressand considering the moderating role of corporate governance in Nigeria. The PLS was preferred based on the nature of the data as it involved properties of cross-section and time series. This was conducted with the aid of the E-views software and Excel package. In the PLS regression model estimation, some statistics were generated among which are the t-statistics, coefficient of determination (R-Squared), and adjusted R-Squared. These represent the goodness-of-fit measures. Inference drawn from regression analysis particularly about the relevance, suitability, desirability, and policy implications of the results was based on the mentioned statistics. However, it was very significant to determine whether the model was efficient in forecasting firm value in Nigeria.

Model Specification

This study adapted the model of Obiekwe et al. (2023) in examining the nexus between capital structure and firm value in Nigeria using the following model:

$$FV_{it} = \beta_0 + \beta_1 EQ_t + \beta_2 LTD_t + \beta_3 CL_t + \varepsilon_t \dots \dots \dots (1)$$

Where: FV = Firm Value; EQ = Equity; LTD = Long-Term Debt; CL = Current Liabilities;

The model was improved by adding corporate governance index, firm size and sales growth to suit the study. Thus, the functional model specification for this study is specified as follows:

$$Firm\ Value = f(Capital\ Structure) \dots \dots \dots (2)$$

$$Firm\ Value = f(long-Term\ Debt\ Capital, Equity\ Capital) \dots \dots \dots (3)$$

Flowing from the functional model, the econometric model is specified thus:

$$Tobin\ Q_{it} = \beta_0 + \beta_1 LTD_{it} + \beta_2 EQC_{it} + \beta_3 CG_{it} + \varepsilon_i \dots \dots \dots (4)$$

$$Tobin\ Q_{it} = \beta_0 + \beta_1 LTD * CG_{it} + \beta_2 EQC * CG_{it} + \beta_3 FSIZE_{it} + \beta_4 SG_{it} + \varepsilon_i \dots \dots \dots (5)$$

Where: Tobin Q= A Proxy of Firm Value; LTD = long-Term Debt Capital; EQC = Equity Capital; CG = Corporate Governance Index (determined using the principal component analysis); FSIZE = Firm Size; SG = Sales Growth; ε = The Stochastic Error Term; i = Company; t = Period Covered; β₀ = Intercept; β₁, β₂, β₃, β₄ = Parameter Estimates; Aprior expectations are β₁>0, β₂>0, β₃>0, and β₄>0 which suggest that the regressors are expected to have progressive and significant correlation with Tobin Q (i.e good predictors of firm Value) specifically to be consistent with existing theory (agency theory) on which this study is anchored.

Operationalisation of Variables

S/N	Variables	Codes	Measurements	Sources	Apriori Sign
Dependent					
1	Firm Value	Tobin Q	Measured as $\frac{TA - Goodwill - TL}{Historical Cost of Assets - Accumulated Depreciation}$	Adegbie and Onyekal-Iheme (2023)	
Independent					
2	Long-Term Debt Capital	LTD	Measured as the logarithm of long-term debt instrument in the company	Lawal (2014)	+
3	Equity Capital	ECAP	Measured as the logarithm of the sum total of all equity instruments in the company.	Lawal (2014)	+
Moderating					
4	Board Independence	BIND	Measured as the independent and non-executive directors on the board.	Hanen and Jamel (2021)	+
5	Board Gender Diversity	BGEND	Measured as the number of female directors on the board.	Hanen and Jamel (2021)	+
6	Board Size	BSIZE	Measured as the total number of directors on the board	Hanen and Jamel (2021)	+
7	Board Meeting	BMEET	This will be measured as the total number of meeting held by the board of a company for an accounting year	Al-Shaer and Zaman (2018)	+
Control					
8	Firm Size	FSIZE	Measured as the natural logarithm of total assets	Bui et al. (2023)	+
9	Sales Growth	SG	Measured as the difference between current sales and previous sales divided by previous sales i.e $\frac{Current Sales - Previous Sales}{Previous Sales}$	Adegbola et al. (2021)	+

Source: Researchers' Compilation (2024)

ANALYSIS OF RESULTS AND DISCUSSION OF FINDINGS

Descriptive Statistics

Table 1: *Descriptive Statistics*

Variables	Mean	Minimum	Maximum	Std. Dev
Tobin Q	0.9766	0.8399	1.2098	0.0950
LTD	8.5591	0.8100	27.000	7.9564
ECAP	12.6936	3.0800	26.100	6.0186
BIND	0.6906	0.3588	0.7456	0.0911
BGEND	0.1352	0.0154	0.2620	0.0763
BSIZE	10.0864	6.0000	99.000	10.1651
BMEET	15.0247	7.0000	19.000	2.8852
FSIZE	9.6176	8.8826	10.5965	0.5251
SG	0.4279	0.0909	0.9167	0.1901

Source: Authors' computation, 2024

Table 1 shows a descriptive statistic of variables used in the study. The mean of Tobin Q stood at 0.9766. The minimum and maximum value of Tobin Q in the study was 0.8399 and 1.2098, respectively, with a standard deviation of 0.0950 exhibiting considerable clustering around the mean. The mean of independent variables LTD and ECAP stood at 8.5591 and 12.6936, respectively. The standard deviation of independent variables exhibited considerable clustering around the mean. The moderating variables of the study, BIND, BGEND, BSIZE and BMEET, had means of 0.6906, 0.1352, 10.0864 and 15.0247, respectively. All the variables exhibited considerable clustering around the mean except for BSIZE. The control variable of the study FSIZE and SG had means stood at 9.6176 and 0.4279, respectively.

Table 2: Correlation Matrix

	Tobin Q	LTD	ECAP	BIND	BGEND	BSIZE	BMEET
Tobin Q	1.000						
LTD	-0.3836	1.0000					
ECAP	-0.2210	0.6472	1.000				
BIND	-0.0729	-0.0216	-0.1627	1.000			
BGEND	0.3989	-0.3289	-0.2819	0.0137	1.0000		
BSIZE	-0.0727	-0.0752	-0.1499	0.2065	-0.0441	1.000	
BMEET	0.2213	-0.1239	-0.1211	0.1029	0.0477	0.0110	1.000
FSIZE	0.0019	-0.0040	-0.0887	-0.1156	-0.0293	0.0302	-0.1584
SG	-0.0031	-0.1458	-0.0721	-0.1707	-0.0038	-0.1594	-0.0213

Source: Authors' computation, 2024

The linearity of variables (correlation matrix) in Table 4.2 show that the variables exhibited both positive and negative relationship. This is seen in the association between BMEET and Tobin Q (0.2213), LTD and Tobin Q (-0.3836).The strength of association between variable were below the threshold of 0.80, suggesting the absence of the problem of multicollinearity in the predictor variables (Studenmund, 2014). However, to further validate the veracity of this result, the Variance Inflation Factor test was done.

Diagnostics Statistics

We carried out various diagnostics test in order to fulfill the basic assumptions of regression. Some of the diagnostics test we did was autocorrelation test, serial correlations test, constant residual error (Heteroskedasticity), normality and model misspecification test.

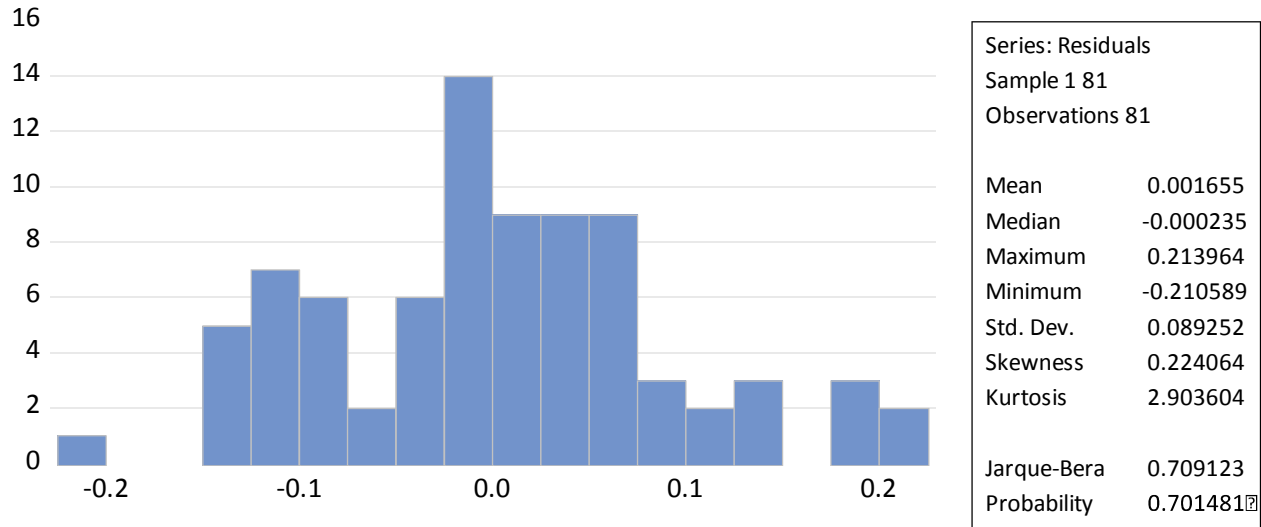
Table 3: Variance Inflation Factor

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.222	71.276	NA
LTD	0.017	1.922	1.239
ECAP	0.339	1.827	1.049
BIND	0.013	9.829	1.069
BGEND	0.018	3.934	1.093
BSIZE	0.001	3.021	1.070
BMEET	0.000	71.843	1.256
FSIZE	0.344	45.543	2.455
SG	0.445	32.454	3.567

Source: Authors’ computation, 2024

To further strengthen the results from correlation matrix on multicollinearity, the variance inflation factor test was done. From the results in table 4.3, it was observed that none of the variables tested indicates the presence of multicollinearity as the centered VIF of the variables were all less than 10.

Figure 4.1: Histogram Normality Graph



Source: Author’s computation (2024)

The figure shows that our data satisfy the normality assumption of regression, as seen in the kurtosis and skewness value of 2.9036 and 0.2241. This distribution shows that our data series was positively skewed, and the kurtosis which shows the peakedness of the distribution was mesokurtic in nature. These results is in tandem with threshold of (-3 to 3) range of Peck, Olsen and Devore (2008) in determining normality of a distribution. Furthermore, the Jarque-Bera statistics = 0.7091, test of normality was statistically insignificant for all variables at 5%, implying an insignificant departure away from normality (Studenmund, 2014).

Table 4: *Serial Correlation*

Breusch-Godfrey Serial Correlation LM Test:			
Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	1.767	Prob. F(2,81)	0.176
Obs*R-squared	3.747	Prob. Chi-Square(2)	0.153

Source: Author’s computation, 2024

The series correlation assumption was fulfilled using the Breusch-Godfrey serial correlation (LM) test, $F(2,81) = 1.767$, $p = 0.176 > 0.05$ and the null hypothesis of no serial correlation was accepted.

Table 5: *Constant Residual Error*

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
Null hypothesis: Homoskedasticity			
F-statistic	1.2487	Prob. F(12,68)	0.2696
Obs*R-squared	14.627	Prob. Chi-Square(12)	0.2625
Scaled explained SS	10.192	Prob. Chi-Square(12)	0.5992

Source: Author’s computation, 2024

Similarly, the assumption of the constant residual error test - The Breusch-Pagan-Godfrey test of heteroskedasticity, $F(12,68) = 1.2487$, $p = 0.2696 > .05$. This implies that the residual error is no constant residual in the series.

Table 6: *Model Misspecification*

Ramsey RESET Test			
	Value	Df	Probability
t-statistic	1.078	81	0.283
F-statistic	1.163	(1, 81)	0.283
Likelihood ratio	1.260	1	0.261

Source: Author’s computation, 2024

Lastly, the Ramsey RESET Test was conducted to test for model miss-specification. The result of the analysis revealed the presence of model misspecification, $F(1,81) = 1.163$, $p = 0.283 > 0.05$. This implies that our model was correctly specified.

Multivariate Analyses

In furtherance to estimation of the study’s model with the panel least squares estimation technique, the Hausman test was done to determine the effect specification. Hypotheses of the study were tested at 5% level of significance (that is, if $p\text{-value} < 0.05$ reject H_0 , else do otherwise).

Table 7: Hausman Test

Correlated Random Effects - Hausman Test			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	12.556	7	0.011

Source: Authors’ Computation, 2024

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The table above shows the result of the Hausman test, $HM(7) = 12.556$, $p = 0.011 < 0.05$. Leaning on this result, we ignored the random effect model at 5%, therefore accepted the fixed effect model of the panel least squares the regression result.

Table 8: Inferential Statistics – Panel Least Squares

Variables	Dependent variable: Tobin Q Fixed Effect			
	B	S.E	t-Stat.	Prob.
Constant	0.9274	0.2271	4.0834	0.0001
LTD	0.0213	0.1194	1.7902	0.0785
ECAP	0.0237	0.0105	2.2405	0.0288**
LTD*BIND	0.0303	0.0297	1.0195	0.3121
LTD*BGEND	-0.0217	0.0284	-0.7623	0.4489
LTD*BSIZE	5.9005	0.0009	-0.0653	0.9481
LTD*BMEET	-0.0018	0.0008	-2.2063	0.0312**
ECAP*BIND	-0.0191	0.0221	-0.8626	0.3918
ECAP*BGEND	0.0339	0.0202	1.6707	0.1000
ECAP*BSIZE	-0.0002	0.0006	-0.3732	0.7103
ECAP*BMEET	0.0016	0.0006	2.4852	0.0158**
FSIZE	0.0115	0.0217	0.5311	0.5973
SG	-0.0761	0.0645	-1.1808	0.2423
R-squared		0.7336		
Adjusted R-squared		0.6449		
Durbin-Watson stat		1.1341		
S.E.		0.0826		
F-statistics		2.2972		
Prob. (F-statistics)		0.0069**		

**significant at 5 per cent level

Source: Authors' Computation, 2024

Table 8 revealed the results of the panel least squares regression for the model of the study. The explanatory variables employed in the study significantly explain the influence of capital structure on firm value of listed oil & gas firms in Nigeria. The study further examined the moderating effect of corporate governance variables on the relationship between capital structure and firm value of oil and gas firms in Nigeria. This conclusion was drawn from the result of the fixed effect panel least square regression, $F\text{-statistics} = 2.2972$, $p = 0.0069 < 0.05$. Furthermore, the adjusted R-Squared stood at 0.6449; that is about 64.49% of the systematic variation in the dependent variable (firm value) is caused by the explanatory variable used in

the study. While about 35.51% of the variations are caused by other variables not included in the model but were adequately captured by the standard error of the regression, $SE = 0.0826$.

The result of the fixed effect panel least squares revealed that equity capital has positive and significant effect on firm value of listed oil and gas firms in Nigeria. This finding is in tandem with the work of Obiekwe et al. (2023); Adeyemi and Oboh (2011) who found positive association between equity capital and firm value. However, the study of Okeke and Okeke (2019) found no evidence on the relationship between equity capital and firm value.

The study found that long term debt has not significant impact on firm value of listed oil and gas firms in Nigeria. This finding is in dissonance with work of Kausar et al. (2014); Abhijit (2017) who found no association between long term debt and firm value. However, Obiekwe et al. (2023); Lawal (2014); Ahmad et al. (2020); Etim et al. (2022) found a positive association between long term debt and firm value. Secondly, the moderating effect of board meeting on the nexus between equity capital and firms value was positive and significant. Lastly, the moderating effect of board meeting on the relationship between long term debt and firm value of listed oil & gas firms was negative and significant. Therefore, board meeting is the only corporate governance variable that has moderating effect between equity capital, long term debt and firm value.

CONCLUSION AND RECOMMENDATIONS

The study examined the influence of capital structure on firm value of listed oil & gas firms in Nigeria. The study further examined the moderating effect of corporate governance variables on the relationship between capital structure and firm value of oil and gas firms in Nigeria. the study concluded that equity capital has positive and significant effect on firm value of listed oil and gas firms in Nigeria. Also, the board meeting has moderating effect on the nexus between equity capital and firms value. Lastly, board meeting has negative moderating effect on the relationship between long term debt and firm value of listed oil & gas firms. The study recommended that the frequency of board meeting in oil & gas firms in Nigeria should be increased so as to have an ample time to discuss the success of the organization as regards capital structure.

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