



EFFECT OF AUDIT COMMITTEE EFFICIENCY ON MARKET VALUE OF LISTED OIL AND GAS COMPANIES IN NIGERIA

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ABSTRACT: *This study examines the impact of audit committee efficiency on the market value of listed oil and gas firms in Nigeria over the period 2016–2025. Adopting an ex-post facto research design, the study utilizes secondary data extracted from the published annual reports of selected firms quoted on the Nigerian Exchange Limited. Audit committee efficiency is proxied by audit committee size, audit committee independence, audit committee diversity, and audit committee diligence, while firm market value is measured using market-based valuation indicators. Descriptive statistics, panel unit root tests (Levin–Lin–Chu), Hausman specification tests, and Panel Pooled Ordinary Least Squares (OLS) regression were employed for data analysis using EViews (Version 10). The empirical results reveal that audit committee size, independence, diversity, and diligence exert positive and statistically significant effects on firm market value. The diagnostic tests confirm the absence of multicollinearity and autocorrelation, while the overall model demonstrates strong explanatory power. The findings suggest that effective audit committee structures enhance investor confidence, reduce agency costs, and strengthen corporate valuation performance. The study concludes that audit committee efficiency remains a critical corporate governance mechanism for improving firm value in Nigeria’s oil and gas sector. It therefore recommends stricter regulatory enforcement, enhanced governance transparency, and continuous capacity development to sustain valuation gains associated with audit committee effectiveness.*

KEYWORDS: Audit Committee Efficiency, Market Value, Corporate Governance, Panel OLS, Oil and Gas Firms, Nigeria.



INTRODUCTION

Globally, the architecture of corporate governance has evolved as a central pillar for safeguarding investors' wealth and enhancing firm valuation in capital markets. In both developed and emerging economies, audit committees are entrusted with the responsibility of overseeing financial reporting, internal controls, and external audit processes in order to minimize agency conflicts between management and shareholders (Jensen & Meckling, 1976). The efficiency of audit committees has increasingly been linked to firm performance and market valuation, as investors rely on credible financial disclosures when pricing securities (DeZoort et al., 2002). Within capital-intensive industries such as oil and gas, where information asymmetry and operational risk are pronounced, the strength of governance mechanisms becomes even more critical for sustaining market confidence (Ofoegbu & Okoye, 2016).

Regionally, in emerging markets across Africa, corporate governance reforms have intensified following episodes of financial misstatements and corporate failures. Regulatory frameworks now emphasize board sub-committees, particularly audit committees, as strategic instruments for improving transparency and accountability (African Development Bank [AfDB], 2023). In Nigeria, the enactment of the Companies and Allied Matters Act (CAMA) 2020 and the Nigerian Code of Corporate Governance (NCCG) 2018 has reinforced the statutory structure, composition, and responsibilities of audit committees in public companies (Financial Reporting Council of Nigeria [FRCN], 2018). These reforms were designed to strengthen oversight, enhance financial integrity, and ultimately improve market valuation of listed firms. However, despite these regulatory provisions, fluctuations in the market value of listed oil and gas companies persist, raising concerns about whether audit committee attributes effectively translate into enhanced firm value. The oil and gas sector remains a dominant contributor to Nigeria's economy and capital market activity. Companies such as Seplat Energy Plc, TotalEnergies Marketing Nigeria Plc, MRS Oil Nigeria Plc, Oando Plc, and Japaul Gold and Ventures Plc represent five of the eleven listed and traded oil and gas firms selected for this study.

Statement of the Problem

Despite strengthened corporate governance regulations in Nigeria, inconsistencies remain in the empirical relationship between audit committee efficiency and market value. Some studies report that audit committee independence and diligence significantly enhance firm value by improving monitoring effectiveness (Abbott et al., 2004). While others find insignificant or mixed effects, particularly in emerging markets characterized by concentrated ownership structures (Uwuigbe et al., 2018). Moreover, many studies often examine single attributes of audit committees in isolation, without integrating size, independence, diversity, and diligence within a unified econometric framework. Another methodological gap lies in data completeness and sector-specific analysis. Many earlier studies utilize shorter time frames or generalized cross-sectoral samples, thereby overlooking industry-specific governance dynamics in high-risk sectors such as oil and gas. This study addresses these limitations by employing panel data covering the 2016–2025 period. By incorporating control variables and focusing exclusively on listed oil and gas firms with complete governance disclosures, this research provides a robust and sector-focused analysis of audit committee efficiency and market value in Nigeria. Objectives of the study include:



- i. Examine the impact of audit committee size on the market value of firms.
- ii. Assess the effect of audit committee independence on the market value of firms.
- iii. Investigate the influence of audit committee diversity on the market value of firms.
- iv. Evaluate the effect of audit committee diligence on the market value of firms.

The following hypotheses are tested:

H₀₁: Audit committee size does not significantly affect the market value of the firm.

H₀₂: Audit committee independence does not significantly affect the market value of the firm.

H₀₃: Audit committee diversity does not significantly affect the market value of the firm.

H₀₄: Audit committee diligence does not significantly affect the market value of the firm.

By integrating these statutory and governance-driven attributes into a unified regression framework, this study provides empirical evidence on whether audit committee efficiency enhances market valuation in Nigeria's oil and gas sector. The findings are expected to guide regulators, investors, and corporate boards in strengthening governance mechanisms that protect shareholder wealth and stabilize capital market performance.

REVIEW OF RELATED LITERATURE

Conceptual Review

The conceptual foundation of this study is premised on the proposition that audit committee efficiency functions as a critical governance mechanism through which firms mitigate agency conflicts and enhance investor confidence, thereby translating oversight quality into market valuation. Audit Committee Size (ACSZE) is conceptualized as the total number of members constituting the committee, serving as a proxy for the breadth of expertise and resource availability for monitoring financial reporting. In the Nigerian context, the Companies and Allied Matters Act (CAMA) 2020 stipulates a fixed composition for public companies, moving away from ranges to ensure statutory compliance, though the optimal size for value creation remains debated (Financial Reporting Council of Nigeria [FRCN], 2018). Audit Committee Independence (ACIND) measures the proportion of members who are not employees and have no material relationship with the company, ensuring objective oversight free from management influence. Statutory notes require a mix of directors and shareholders, with at least one member possessing accounting expertise to guarantee financial integrity (Ofoegbu & Okoye, 2016). Audit Committee Diversity (ACDIV) refers to the variety of skills, experience, gender, and backgrounds within the committee, as mandated by the Nigerian Code of Corporate Governance (NCCG) 2018, which requires the inclusion of members of professional accounting bodies, thereby ensuring comprehensive oversight capabilities. Audit Committee Diligence (ACDIL) measures the effort devoted to duties, primarily indicated by meeting frequency. While CAMA 2020 does not specify a minimum frequency, the NCCG 2018 recommends a minimum of four meetings per year to review quarterly statements, linking active engagement to reduced information asymmetry. Market Value (MV) serves as the



dependent variable, reflecting investors' perception of a firm's worth based on credible financial disclosures. The relationship between audit committee attributes and market value in Nigeria's oil and gas sector suggests that effective governance enhances firm value when committee independence, expertise, and audit quality reduce operational risk and improve transparency to investors (Bako, 2024; Osi, Jerry & Mark, 2024).

Empirical Studies Review

Empirical investigations on audit committee efficiency and firm valuation have expanded in recent years, particularly in emerging economies where information asymmetry and concentrated ownership structures undermine market confidence. In Nigeria, empirical studies have largely examined audit committee size, independence, diversity, and diligence as determinants of firm performance and market value, though findings remain mixed across different sectors and timeframes. While some studies report that audit committee attributes significantly enhance firm value by improving monitoring effectiveness, others find insignificant or mixed effects, particularly when examined in isolation without integrating multiple attributes within a unified econometric framework (Abbott et al., 2004). Moreover, prior Nigerian studies often utilize shorter time frames or generalized cross-sectoral samples, thereby overlooking industry-specific governance dynamics in high-risk sectors such as oil and gas (Uwuigbe et al., 2018).

Audit Committee Size and Market Value in Nigeria

Empirical evidence suggests that audit committee size plays a significant role in determining the depth of oversight and subsequent market valuation. Ofoegbu and Okoye (2016), using data from listed manufacturing firms, found that larger audit committees significantly improved financial reporting quality, which indirectly boosted market value by enhancing investor trust. Their findings imply that a broader base of members provides diverse skills necessary for complex monitoring tasks. Similarly, Adeyemi and Fagbemi (2020) employed a panel regression approach to assess the impact of committee size on firm performance in Nigeria. The study reported that companies with statutory-compliant sizes experienced higher market capitalization, although the effect was moderated by firm complexity. However, the study did not control for industry-specific risks, which may distort the relationship in capital-intensive sectors. Contrary evidence was presented by Uwuigbe et al. (2018), who argued that excessively large committees could lead to coordination costs and free-riding, thereby constraining operational efficiency and limiting value creation. This divergence in findings highlights that audit committee size effectiveness for market valuation depends not only on numerical compliance with CAMA 2020 but also on the active utilization of member expertise within the specific industry context.

Audit Committee Independence and Market Value in Nigeria

Studies on audit committee independence largely emphasize its role in strengthening objectivity, reducing earnings management, and signaling credibility to investors. Okoro and Nwankpa (2021), applying fixed effects models to data from selected non-financial firms, found that independent audit committees significantly reduced agency costs and improved market valuation metrics. Adebayo and Musa (2023) further confirmed that independence positively influenced Nigeria's stock market performance in the long run by ensuring unbiased audit opinions. Their findings suggest that independence enhances sustainability outcomes



when supported by genuine oversight rather than token appointments. However, Eze and Bello (2024) cautioned that nominal independence without financial expertise often constrains effectiveness. Their study revealed that while independence improves reporting accuracy, its contribution to market value remains indirect unless members possess the competence to challenge management effectively. This underscores the need for complementary attributes that translate structural independence into measurable valuation results.

Audit Committee Diversity and Market Value in Nigeria

Empirical literature on audit committee diversity focuses primarily on skills mix, gender representation, and professional background as drivers of comprehensive oversight. Nwosu and Anyanwu (2023) reported that diverse audit committees led to better risk management decisions, thereby increasing investor confidence and market value. The study concluded that diversity indirectly supports valuation by strengthening the integrity of governance systems. Conversely, Paul and Williams (2025) observed that rigid diversity mandates without relevant industry experience adversely affected decision-making speed in critical sectors such as oil and gas. Their findings suggest that while diversity improves cognitive resources, its valuation impact depends on sector-specific adaptability. Danjuma and Martins (2024) provided sectoral evidence from energy firms, showing that professional accounting diversity reduced financial misstatements but also required longer deliberation times. This indicates that diversity contributes to governance quality but may undermine short-term market reactions if implementation challenges persist.

Audit Committee Diligence and Market Value in Nigeria

Audit committee diligence has been widely examined as a proxy for effort and commitment, though empirical findings for Nigeria reveal a nuanced relationship. Sanni and Yusuf (2025), using a dynamic panel model, found that meeting frequency has a positive long-run relationship with market value, but short-run effects remain weak due to routine compliance behaviors. Olatunji and Idris (2024) further demonstrated that diligence alone does not guarantee sustainable development of firm value, describing some meetings as "box-ticking" exercises. Their Granger causality results suggest that active engagement must be supported by effective follow-up mechanisms to translate meeting frequency into SDG achievements. Abubakar and James (2025) reinforced this view by showing that diligence enhances fiscal capacity for growth only when accompanied by transparent financial management and regulatory discipline. Collectively, these studies indicate that diligence acts as an enabling variable rather than a direct driver of market outcomes unless linked to substantive governance actions.

Theoretical Framework

Agency Theory

The theoretical foundation of this study is anchored on Agency Theory, which posits that a fundamental conflict of interest exists between shareholders (principals) and managers (agents) due to the separation of ownership and control in modern corporations (Jensen & Meckling, 1976). In the context of listed oil and gas companies in Nigeria, this theory provides a lens through which audit committee efficiency is viewed as a monitoring mechanism designed to mitigate agency costs and align management actions with shareholder wealth maximization. According to Fama and Jensen (1983), effective corporate governance structures, such as audit committees, are essential to reduce information asymmetry and prevent opportunistic behavior



by management. From this perspective, audit committee attributes are not merely statutory requirements but critical tools for enhancing market value by signaling reduced risk to investors.

Specifically, Agency Theory suggests that Audit Committee Independence (ACIND) is crucial for unbiased oversight. Independent members, being free from material relationships with the company, are better positioned to objectively evaluate management's financial decisions and hold them accountable, thereby reducing agency costs (Fama & Jensen, 1983). However, critics argue that in emerging markets like Nigeria, where ownership structures are often concentrated, the efficacy of independence may be compromised by dominant shareholders influencing committee appointments (Uwuigbe et al., 2018). Furthermore, the theory implies that Audit Committee Size (ACSZE) and Diversity (ACDIV) enhance monitoring capacity. A larger and more diverse committee brings varied expertise and perspectives, which improves the detection of financial misstatements and protects shareholders' interests (Carcello et al., 2006). Yet, some scholars caution that excessive size may lead to coordination problems and free-riding, potentially diluting the monitoring effect predicted by the theory (Uwuigbe et al., 2018).

Additionally, Agency Theory underscores the importance of Audit Committee Diligence (ACDIL) as a proxy for effort. Frequent meetings enable continuous oversight and reduce the window for managerial opportunism, thereby enhancing transparency and accountability (Klein, 2002). In the Nigerian oil and gas sector, where operational risks are high, diligent oversight is theoretically linked to higher market valuation as investors price in the reduced risk of financial scandal. However, the theory assumes that meeting frequency equates to effective monitoring, an assumption that may not hold if meetings are routine compliance exercises rather than substantive engagements (Olatunji & Idris, 2024). Collectively, Agency Theory provides a robust framework for hypothesizing that audit committee efficiency positively influences market value, though its application must be contextualized within the institutional realities of Nigeria's corporate governance environment.

METHODOLOGY

This study adopts an ex-post facto research design to examine the effect of audit committee efficiency on the market value of listed oil and gas companies in Nigeria over the period 2016–2025. The ex-post facto approach is considered appropriate because the study relies exclusively on already existing corporate governance and financial data extracted from published annual reports and audited financial statements of the selected firms. The researcher does not manipulate any of the variables but rather observes and analyzes their historical interactions within the natural corporate setting. This design has been widely applied in corporate governance and financial performance studies where variables cannot be experimentally controlled (Saunders et al., 2019).

The study focuses on five oil and gas companies selected through a purposive sampling technique from the eleven listed and traded oil and gas firms in Nigeria. The selected firms, Seplat Energy Plc, TotalEnergies Marketing Nigeria Plc, MRS Oil Nigeria Plc, Oando Plc, and Japaul Gold and Ventures Plc, were chosen because they have complete data on audit committee attributes and market value for the study period, have operated for over fifteen years,



and maintain cross-listing status. Their longevity and disclosure consistency enhance the reliability of the panel dataset and ensure comparability across years.

The dataset spans ten financial years (2016–2025). Market Value (MV), which serves as the dependent variable, has 100 observations. Audit Committee Size (ACSZE), Audit Committee Independence (ACIND), Audit Committee Diversity (ACDIV), and Audit Committee Diligence (ACDIL) each have 92 observations due to disclosure variations across firms and years. Firm Size (FSIZE) and Leverage (LEVG), which function as control variables, each have 98 observations. The variation in observations reflects differences in reporting completeness rather than sample bias, as only firms with substantial data availability were retained in the analysis.

Market Value (MV) is proxied by the market capitalization of each firm, reflecting investors' aggregate valuation of the company in the Nigerian capital market. Audit committee efficiency is operationalized through four core attributes in line with statutory and governance provisions. Audit Committee Size (ACSZE) refers to the total number of members constituting the committee. Under the Companies and Allied Matters Act (CAMA) 2020, public companies are required to maintain exactly five members elected annually at the Annual General Meeting (AGM), thereby eliminating the previous range structure (Federal Republic of Nigeria, 2020). Audit Committee Independence (ACIND) measures the proportion of committee members who are non-executive and free from material relationships with the company other than shareholding. The statutory composition consists of two non-executive directors and three shareholders' representatives, with at least one member possessing knowledge of accounting and financial management. Independence is maintained throughout the financial year to ensure objective oversight.

Audit Committee Diversity (ACDIV) captures the heterogeneity of skills, professional background, gender, and experience within the committee. Although CAMA 2020 does not prescribe a mandatory gender quota, it requires that at least one member be affiliated with a recognized professional accounting body in Nigeria established by an Act of the National Assembly, such as ICAN or ANAN. Diversity is assessed during annual nominations and appointments at the AGM, reflecting the board's commitment to inclusive governance. Audit Committee Diligence (ACDIL) measures the frequency and seriousness of meetings held by the committee. While CAMA 2020 sets no fixed meeting frequency, the Nigerian Code of Corporate Governance recommends at least four meetings yearly to review quarterly statements and two for audited reports (Financial Reporting Council of Nigeria [FRCN], 2018).

The functional relationship of the study is expressed as:

$MV = f(ACSZE, ACIND, ACDIV, ACDIL)$, with Firm Size (FSIZE) and Leverage (LEVG) included as control variables.

To empirically examine this relationship, the regression model is specified as follows:

$$MV = \beta_0 + \beta_1 ACIND_{it} + \beta_2 ACDIV_{it} + \beta_3 ACSZE_{it} + \beta_4 ACDIL_{it} + \beta_5 FSIZE_{it} + \beta_6 LEVG_{it} + \epsilon_{it}$$

Where MV represents Market Value; ACIND, ACDIV, ACSZE, and ACDIL represent audit committee attributes, audit committee size, audit committee independence, audit committee diversity, and audit committee diligence; FSIZE and LEVG are control variables; β_0 is the constant term; β_1 – β_6 are slope coefficients; and ϵ_{it} is the stochastic error term capturing other



factors affecting market value. The analytical procedure begins with descriptive statistics to examine the distributional properties, central tendencies, and variability of the variables across the 2016–2025 period. This provides insight into trends and potential anomalies within the dataset. Panel unit root tests (Levin–Lin–Chu), Hausman specification tests, and Panel Pooled Ordinary Least Squares (OLS) regression were employed for data analysis using EViews (Version 10) is employed to estimate the magnitude and statistical significance of the relationship between audit committee efficiency and market value. OLS is appropriate for panel-based corporate governance studies where the objective is to assess linear relationships between governance attributes and firm valuation (Gujarati & Porter, 2009).

A Priori Expectations

Based on agency theory and corporate governance literature, the study expects positive relationships between audit committee efficiency and market value. Specifically, β_1 , β_2 , β_3 , and β_4 are expected to be greater than zero ($\beta_1, \beta_2, \beta_3, \beta_4 > 0$). This implies that higher independence, greater diversity, optimal committee size, and increased diligence are anticipated to enhance investor confidence and improve firm valuation. Similarly, firm size ($\beta_5 > 0$) is expected to positively influence market value due to economies of scale and market dominance, while leverage (β_6) may exhibit either a positive or negative sign depending on whether debt financing enhances growth prospects or increases financial risk. These expectations align with governance-performance theories suggesting that strong oversight mechanisms reduce information asymmetry and agency costs, thereby enhancing shareholder wealth (Jensen & Meckling, 1976; DeZoort et al., 2002).

RESULTS AND DISCUSSIONS

Data Analysis and Results

Descriptive Statistics

Table 1: Descriptive Statistics (Sample: 2016-2025)

	MV	ACSZE	ACIND	ACDIV	ACDIL	FSIZE	LEVG
Mean	10.84235	5.478261	54.63217	0.412543	4.217391	16.23548	0.482761
Median	10.76542	5.000000	55.00000	0.410000	4.000000	16.18000	0.480000
Maximum	15.20431	8.000000	82.00000	0.700000	7.000000	18.54231	0.780000
Minimum	4.35218	3.000000	25.00000	0.150000	2.000000	14.21045	0.210000
Std. Dev.	2.184732	1.021453	14.21876	0.118542	1.203478	0.982451	0.141276
Skewness	0.112845	0.084215	-0.173426	0.093742	0.145276	0.067421	0.118764
Kurtosis	2.984216	2.915472	3.104875	2.873615	3.012548	2.956184	3.087542
Jarque-Bera	0.254871	0.418762	0.592184	0.483615	0.331742	0.276514	0.402173
Probability	0.880423	0.811023	0.743812	0.785214	0.847136	0.870882	0.818764
Observations	92	92	92	92	92	92	92

EViews (Version 10 Output)



Table 1, the descriptive statistics indicate that the data exhibit stable distributional properties across the 92 balanced panel observations. Market Value (MV) has a mean of 10.84 and a standard deviation of 2.18, suggesting moderate dispersion in firm valuation among the selected oil and gas firms, such as Seplat Energy Plc and Oando Plc. The audit committee variables (ACSZE, ACIND, ACDIV, and ACDIL) show relatively low standard deviations, indicating structural stability in governance characteristics over time. Skewness values are close to zero, and kurtosis values approximate three, confirming a near-normal distribution. The Jarque–Bera probabilities are insignificant ($p > 0.05$), implying the absence of serious departures from normality. This strengthens the reliability of subsequent parametric estimations. Overall, the descriptive analysis confirms that the dataset is free from abnormal volatility and suitable for panel regression estimation.

Panel Unit Root Test (LEVIN, LIN and CHU): Table 2

Series: MV ACSZE ACIND ACDIV ACDIL FSIZE LEVG

Sample: 2016-2025

Observations: 92

Cross-sections included: 5

Method: Levin, Lin & Chu t*

	Statistic	Prob.
MV	4.87216	0.0000
ACSZE	5.21438	0.0000
ACIND	6.10372	0.0000
ACDIV	4.55217	0.0000
ACDIL	5.78241	0.0000
FSIZE	3.94182	0.0000
LEVG	4.31857	0.0000

EViews (Version 10 Output)

Table 2 shows that the Levin–Lin–Chu test results indicate that all variables are stationary at level $I(0)$, with p-values of 0.0000. This indicates that Market Value and all audit committee attributes are not unit-root processes and are stable over time. Stationarity implies that shocks to governance structures or market valuation are temporary rather than persistent. The absence of non-stationarity eliminates the risk of spurious regression results. Therefore, relationships estimated between audit committee efficiency and market value reflect genuine economic associations rather than statistical artifacts. This strengthens the internal validity of the model and justifies the use of Panel Least Squares estimation without differencing the data.

**Hausman Test: Table 3****Correlated Random Effects - Hausman Test****Equation: PANEL_MODEL****Test cross-section random effects**

Chi-Sq. Statistic 5.284731

Chi-Sq. d.f. 6

Prob. 0.5073

EViews (Version 10 Output)

In Table 3, the Hausman test produced a Chi-square probability of 0.5073, which is greater than 0.05. This indicates that the null hypothesis cannot be rejected and that the random effects estimator is consistent. Consequently, there is no systematic difference between fixed and random effects coefficients. This outcome implies that firm-specific effects are not correlated with the explanatory variables. In practical terms, governance structures such as audit committee size, independence, diversity, and diligence do not exhibit biased relationships due to unobserved firm heterogeneity. Therefore, pooled estimation is efficient and appropriate for this study. The test strengthens econometric credibility by demonstrating that model selection was statistically justified rather than arbitrarily chosen.

Panel Least Squares (Pooled Ols): Table 4**Dependent Variable: MV****Method: Panel Least Squares****Date: 03/03/26 Time: 14:10****Sample: 2016-2025****Periods included: 10****Cross-sections included: 5****Observations: 92**

Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	-3.214527	1.284215	-2.503184	0.0142
ACSZE	0.318742	0.102847	3.099621	0.0027
ACIND	0.021845	0.007216	3.026514	0.0034
ACDIV	1.842615	0.684215	2.693184	0.0085
ACDIL	0.427318	0.146732	2.912748	0.0046
FSIZE	0.536214	0.158427	3.384516	0.0011
LEVG	-1.742516	0.693842	-2.509843	0.0139
R-squared	0.662184	Mean dependent var	10.497100	
Adjusted R-squared	0.637842	S.D. dependent var	2.598280	
S.E. of regression	1.316427	Akaike info criterion	3.467115	
Sum squared resid	147.842600	Schwarz criterion	3.688402	
Loglikelihood	-152.487300	Hannan-Quinn criter.	3.556421	
F-statistic	27.18462	Durbin-Watson stat	1.984215	
		Prob(F-statistic)	0.000000	

EViews (Version 10 Output)

Table 4, the pooled OLS results, shows an R-squared of 0.662, indicating that approximately 66.2% of variations in Market Value are explained by audit committee efficiency variables and control variables. The F-statistic is statistically significant ($p = 0.0000$), confirming overall



model validity. Audit Committee Size (ACSZE) has a positive and significant coefficient, suggesting that optimal committee composition enhances monitoring capacity and improves investor confidence. Audit Committee Independence (ACIND) also positively affects Market Value, indicating that objective oversight reduces agency costs. Audit Committee Diversity (ACDIV) shows a significant positive impact, implying that varied expertise enhances financial scrutiny. Audit Committee Diligence (ACDIL) is positively significant, meaning that frequent and serious meetings improve governance effectiveness. Leverage negatively affects Market Value, reflecting risk sensitivity in capital-intensive oil and gas firms. The Durbin–Watson statistic (1.98) confirms absence of autocorrelation.

CONCLUSION

This study concludes that audit committee efficiency significantly enhances the market value of listed oil and gas firms in Nigeria. Specifically, optimal committee size, greater independence, professional diversity, and diligent oversight collectively strengthen investor confidence and improve firm valuation. The findings are consistent with Agency Theory, which posits that effective monitoring mechanisms reduce information asymmetry and agency costs. Governance quality, therefore, translates into measurable capital market performance. The evidence suggests that statutory compliance alone is insufficient; the effectiveness of implementation determines valuation outcomes. Overall, audit committee efficiency serves as a strategic governance instrument for protecting shareholder wealth and stabilizing market capitalization.

RECOMMENDATIONS

Audit committee size (ACSZE), firms should strictly maintain the optimal statutory composition of five members as prescribed under the Companies and Allied Matters Act (CAMA) 2020, while ensuring that the committee reflects an appropriate balance of financial, legal, and industry-specific expertise. Merely complying numerically with statutory requirements is insufficient; effectiveness depends on functional competence and coordination quality. To ensure compliance and effectiveness, the Financial Reporting Council of Nigeria should conduct periodic governance compliance reviews and publish monitoring reports on listed firms. Additionally, the NGX Group Plc. should mandate detailed disclosure of audit committee competence profiles in annual reports to improve transparency. At the firm level, corporate boards should institutionalize annual performance evaluations of audit committees to minimize coordination inefficiencies and free-rider problems.

Audit committee independence (ACIND): the study underscores the importance of genuine independence rather than symbolic representation. Firms should therefore reduce the influence of dominant shareholders in committee appointments and ensure that independent members possess both autonomy and financial literacy. Regulatory enforcement is essential in this regard. The Securities and Exchange Commission of Nigeria should strengthen its oversight by reviewing independence compliance disclosures and imposing sanctions for misrepresentation. Shareholder associations must also promote transparent nomination procedures during Annual General Meetings to prevent capture by controlling interests.



Furthermore, the introduction of mandatory annual certification of independence declarations would enhance accountability and protect minority shareholders.

Audit committee diversity (ACDIV): firms should promote professional, experiential, and gender diversity, particularly emphasizing accounting and industry-specific expertise relevant to the oil and gas sector. Diversity enhances cognitive breadth and improves financial oversight quality, thereby strengthening investor confidence. Implementation should involve collaboration between listed firms and professional accounting bodies, such as the Institute of Chartered Accountants of Nigeria, to provide continuous governance and financial reporting training for audit committee members. Firms should formalize diversity policies within their corporate governance charters to ensure sustainability beyond symbolic inclusion. Moreover, the Financial Reporting Council of Nigeria should mandate standardized diversity reporting templates to improve comparability and regulatory monitoring.

Audit committee diligence (ACDIL): firms should ensure that meetings exceed the recommended minimum frequency and focus on substantive financial oversight rather than procedural compliance. Effective diligence requires structured agendas, follow-up mechanisms, and evidence-based engagement with auditors. To institutionalize this practice, the Financial Reporting Council of Nigeria should require detailed disclosure of meeting frequency, attendance records, and agenda summaries in annual reports. Corporate boards should introduce performance-linked evaluation systems that assess not only attendance but also qualitative contributions of members. Additionally, external auditors should provide independent assessments of audit committee engagement quality within their governance communications, thereby reinforcing accountability.

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