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Effect of Ownership Structure on Earnings Management of Quoted Oil and Gas Firms in Nigeria

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Abstract

Improving corporate governance in emerging economies requires an understanding of how ownership structure influences managerial financial reporting choices. This study examined the effect of ownership structure on earnings management of quoted oil and gas firms in Nigeria. All ten (10) oil and gas companies listed on the Nigerian Exchange Group (NGX group) as of December 31, 2024, make up the population of the study, which uses an ex post facto research approach. Census sampling techniques was adopted to select all the Ten (10) oil and gas companies that were listed on the Nigeria Exchange Group as of December 31, 2024, made up the study's sample size, The study covered 12-years period between 2014 and 2025. Following a few diagnostic tests, the hypotheses were examined using a random effect regression model. The study found that the absolute discretionary accrual of listed oil and gas companies in Nigeria is significantly impacted negatively by foreign ownership. However, the absolute discretionary accrual of listed oil and gas companies in Nigeria is negatively impacted by absolute discretionary accrual in a negligible way. The study also suggested that companies should promote institutional investors' increased involvement since their ability to monitor can lessen opportunistic earnings management and enhance the quality of financial reporting.

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1 INTRODUCTION

Earnings management is the intentional use of accounting decisions and/or actual business decisions by managers to affect reported results, typically to achieve benchmarks, smooth earnings, or sway stakeholders' opinions. The deliberate structuring of reporting, production, or investment choices around the influence on the bottom line is known as earnings management (Hui & Fatt, 2017; Isenmila & Elijah, 2020). According to Ali-Momoh and Ahmed (2022), earnings management is the process of exploiting current regulations and/or disregarding part or all of them to change financial accounting figures from what they actually are to what the preparer wants.

In a different sense, if an organization modifies earnings reported in accordance with International Financial Reporting Standards (IFRS) guidelines and regulations, earnings management is deemed lawful. However, if modifications are performed without adhering to IFRS rules and accounting standards, earnings management could be deemed fraudulent and unlawful (Aygun et al., 2023). Although earnings management can be used to manipulate an entity's disclosed financial statements to mislead shareholders about the organization's financial situation and state of affairs, and to affect contractual incentives that depend on accounting profits, ownership structure can be used to control earnings management efforts. As a result, it is now more practical for managers and directors of businesses to make sure that the disclosure increases the value of shareholders.

Earnings management, according to Dong et al. (2020), is the deliberate manipulation of financial statements by management to either influence contractual outcomes that depend on accounting data or mislead stakeholders about the firm's financial situation. Since managers are responsible for publicizing a company's profitability, only they have the power to do this. Due to the conflicting interests of shareholders and themselves, managers may try to alter accounting results to their benefit. Their performance reviews often rely on their claimed profits, which influences their motivations for manipulation. This study aims to investigate the effect of block holding on profits management in contrast to the common diluted ownership structure in many Nigerian companies in light of potentially fraudulent activities in the country's financial industry (Akande, 2022).

The percentage of shares held by different stakeholders in a company is known as its ownership structure. With supervisory responsibilities for resolving conflicts of interest among stakeholders, it is essential. In essence, agency conflicts managerial actions carried out on behalf of shareholders are monitored by the ownership structure. Habbash et al. (2014) claim that agency expenses are influenced by the ownership structure. Numerous studies have confirmed the importance of ownership structure in keeping an eye on the business's operations. For example, Siregar and Utama (2008) contended that ownership structure affects the firm's monitoring systems. Furthermore, ownership structure influences profits management and lowers the degree of management opportunism, as noted by Alshetwi (2016) and Ramadan (2015).

The corporate governance code was introduced in Nigeria as a result of numerous financial scandals involving companies such Bank PHB Plc, Oceanic Bank Plc, Intercontinental Bank, and Skye Bank (Kholief, 2018). In view of the principal-agent conflict, which occurs when managers put their personal interests ahead of reported profitability, the code places a strong emphasis on the ownership structure of businesses. While some scholars have identified no significant correlation between the two variables (Habbash, 2014; Gabrielsen et al., 2002), others contend that managerial ownership can lessen agency issues (Parveen et al., 2016). A negative relationship between the percentage of managerial ownership and discretionary accruals is implied by the idea that managerial ownership can be used as a tool to restrict managerial self-interest According to Morck et al. (2025), concentrated ownership can exacerbate agency conflicts by giving minority shareholders undue authority and entrenchment consequences. On the other hand, concentrated ownership may encourage managers to align their interests with those of investors, so reducing agency issues (alignment effect) (e.g., Rosenstein & Wyatt, 1997).

Foreign ownership refers to equity stakes in Nigerian firms held by non-resident investors including foreign corporate parents, multinational subsidiaries, foreign institutional investors (pension/sovereign funds, mutual funds), and portfolio investors (foreign brokers, funds). Foreign ownership in the consumer-goods sector appears in direct foreign-controlled subsidiaries, cross-border acquisitions, and portfolio holdings on the Nigerian Exchange (NGX) (Oyedokun, et al., 2019). Therefore, this study investigates the relationship between ownership structure and earnings management, aiming to shed light on the effectiveness of corporate governance mechanisms in the Nigerian context.

Managerial ownership refers to the proportion of a firm’s equity held by executive managers and directors. In the Nigerian consumer-goods sector which includes manufacturers and distributors of fast-moving consumer goods (FMCG) listed on the Nigerian Exchange (NGX) managerial ownership is an important component of corporate-level governance because it affects incentives, monitoring, and the distribution of control rights between insiders and outside shareholders. Several sectoral studies show that ownership in Nigerian consumer-goods firms is often concentrated, with meaningful stakes held by founding families, executive insiders, and large institutional investors; managerial ownership therefore varies across firms but frequently plays a visible role in governance and performance outcomes (Abah-Marcus, 2025).

The main objective of this study is to examine the effect of ownership structure on earnings management of quoted oil and gas firms in Nigeria. The study specifically intends to:

i. determines the effect of foreign ownership on absolute discretionary accrual of quoted oil and gas firms in Nigeria.
ii. assess the effect of managerial ownership on absolute discretionary accrual of quoted oil and gas firms in Nigeria.

Based on the above stated specific objectives, these hypotheses are formulated in a null form as follow:

Ho$_1$: Foreign ownership has no significant effect on absolute discretionary accrual of quoted oil and gas firms in Nigeria.

Ho$_2$: Managerial ownership has no significant effect on absolute discretionary accrual of quoted oil and gas firms in Nigeria
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2 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Ownership Structure

The division of ownership and control inside a business is referred to as its ownership structure. For shareholders, control is symbolized by voting power and is defined as the capacity to influence decisions. On the other hand, ownership is defined as the entitlement to the company's cash flows in proportion to the shareholdings (Shehu, 2020). Jensen and Meckling (1976) defined ownership structure as the allocation of equity according to capital, votes among shareholders, and the identities of the equity owners. Because they influence managers' incentives and, consequently, the financial performance of the companies they oversee, these structures are crucial to corporate governance. It can also indicate a company's level of ownership concentration, or the proportion of significant shareholders. Zhang (2015) defined ownership structure as the percentage of ownership held by stockholders. According to Uwalomwa & Olamide (2012), ownership structure is determined by the choices made by present or prospective shareholders. Among its constituents are managerial ownership, institutional ownership, family ownership, foreign ownership, and state ownership. The "opportunistic behavior" concept states that businesses with a distributed ownership structure typically have lower earnings quality because their managers are more motivated to manipulate earnings (Bartov et al., 2010). This study looks at ownership structure from the perspectives of institutional, managerial, and ownership concentration.

2.1.2 Foreign Ownership

According to Farouk and Bashir (2017), foreign ownership is the total or majority ownership or control of a business or resource in a nation by people who are not citizens of that nation or by organizations with headquarters outside of that nation. Foreign ownership occurs when one or more foreign individuals own more than 50% of the company's outstanding voting securities. Foreign control refers to the power of one or more foreign individuals to create or oversee the company's daily operations or broad policy. If at least 25% of the outstanding voting securities are owned by foreigners, it is assumed that foreign control exists unless one American owns an equivalent or greater amount. According to our research, the definition proposed by Farouk and Bashir (2017) is more suitable.

2.1.3 Managerial Ownership

According to Warfield et al. (2021), managerial ownership is a crucial tool for improving earnings management by bringing managers' interests into line with those of shareholders. According to proponents of agency theory, managers who own a significant portion of the company's equity are less likely to engage in self-serving behavior because doing so would cost them money (Jensen & Mekling, 1976). This helps to mitigate the moral hazard issue between managers and shareholders. According to Aygun et al. (2023), managerial ownership improves earnings management. According to Alzoubi's (2016) research, insider managerial ownership has a stronger impact on the quality of financial reporting since it has a greater ability to limit earnings management. Ogbonnaya et al. (2016) found managerial ownership to have a significant positive effect on managing earnings. Earnings management has a positive and considerable impact on earnings management, according to Ayadi's (2014) investigation into the relationship between ownership structure and earnings quality in the French environment.

2.1.4 Earnings Management

Earnings management is a purposeful intervention in accounting reports with the aim of pursuing various self-serving purposes (Olotu et al., 2019). Apollos et al. (2019) define earnings management as accounting practices used by management with the intention of manipulating or falsifying reported earnings through the use of accounting techniques, as well as accelerating or under-accruing expenses, delaying the recognition of revenue transactions (based on the target objective), or employing other strategies intended to influence earnings. Earnings management, according to Potharla (2021), refers to the inventive ways in which businesses and other organizations describe their revenue, assets, and liabilities, or to the deliberate falsification of those elements. Earnings management is the process of departing from a company's actual financial performance. This is the outcome of managers putting transactions into financial statements with the goal of affecting transactions that rely on reported accounting values or deceiving stakeholders about the companies' actual financial performance (Diem et al., 2021).

2.2 Theoretical Review

2.2.1 Agency Theory

The agency theory, often known as the principal-agent theory, was first put forth by academics and economists Michael C. Jensen and William H. Meckling in their landmark 1976 book "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." Agency theory is a paradigm in organizational theory and economics that seeks to understand and make sense of the interactions and conflicts that might arise between an organization's agents (often managers or employees) and principals (such as owners or shareholders). These interactions are characterized by divergent interests, with principals seeking to increase their wealth or utility and agents pursuing their own objectives. Agency theory is based on fundamental presumptions that offer a framework for examining and controlling these connections. The following are the main presumptions: Owners (shareholders) and managers (agents) are kept apart in listed companies, particularly big oil and gas companies. Managers are strongly motivated by this contradiction to participate in earnings management, such as underreporting to reduce taxes or inflating profits to fulfill performance expectations. According to agency theory, managers (agents) have greater access to firm-specific data than scattered stockholders. While managers may pay bonding costs to reassure shareholders of their commitment, shareholders incur monitoring expenditures (such as audits and governance procedures) to align interests. One important governance tool for aligning interests and minimizing profits management is ownership structure. Agency theory's advantages. Its capacity to connect ownership structures to managerial behavior is one of its main advantages. This issue offers a strong theoretical foundation for comprehending why managers could influence profits in situations where ownership is distributed and oversight is lax.

This study used agency theory because it is useful in resolving potential conflicts between managers (who act as agents) and shareholders (who act as principals) in businesses. Its empirical support comes from research on ownership structure and earnings management in developed nations by a number of scholars, which will connect the variables of concern in the Nigerian context. Because it directly connects ownership structures to the opportunities and incentives for profits management, it is also pertinent to the study. It emphasizes that, depending on the degree of supervision and alignment of interests, the kind and concentration of ownership in quoted Nigerian oil and gas companies can either lessen or increase financial reporting manipulation. The adoption is based on critical postulations of agency theory.

2.3 Empirical Review

2.3.1 Foreign Ownership and Earnings Management

Ugwu et al. (2026) examined the impact of ownership structure on how listed Nigerian consumer goods companies handled their profits. All twenty-one (21) consumer goods companies listed on the Nigerian Exchange Group (NGX group) as of December 31, 2024, made up the population of the study, which employed an ex post facto research design. A sample size of seventeen (17) consumer goods companies was chosen based on filtering criteria.The data came from the annual reports of the seventeen (17) consumer products companies listed on the Nigerian Exchange Group. A random effect regression model was used to analyze the hypotheses after a few diagnostic tests.The study found that the total discretionary accrual of listed Nigerian consumer goods companies is negligibly impacted by institutional, managerial, and foreign ownership. However, the absolute discretionary accrual of listed consumer goods firms in Nigeria is barely improved by ownership concentration.

Monday et al. (2025) investigated if the earnings management (EAM) of Nigerian listed oil and gas companies is significantly impacted by foreign ownership (FOR), family ownership (FAM), institutional ownership (INS), and government ownership (GOV). Ten (10) listed firms were chosen as the study's sample size using the purposive sampling technique, which was a secondary source of data gathering. The results of this study, which employed Ordinary Least Square regression analysis, showed that foreign ownership, family ownership, institutional ownership, and government ownership had no discernible impact on the earnings management of Nigerian listed oil and gas companies. It was determined that as the world's economies become more interconnected, ownership structures of businesses are rapidly evolving to meet global demands and challenges, and a firm's capacity to generate respectable returns in the competitive environment determines its ability to survive in the future.

Thu et al. (2024) assessed the impact of foreign ownership and the corporate governance index on earnings management in 169 Vietnamese listed firms from 2016 to 2020. The fuzzy-set qualitative comparative analysis method is used to test the association. The results of the investigation show that foreign ownership and corporate governance have a detrimental effect on earning management. The correlation between foreign ownership and the corporate governance index has a notably detrimental effect on earning management. The study suggested that in order to improve efficiency, ownership concentration should be balanced. According to the study, fuzzy-set qualitative comparative analysis (fsQCA) was employed, which is an unusual approach in studies on earnings management that usually use panel-based econometric techniques or regression.

Potharla (2021) investigated between 2011 and 2018; several non-financial companies in India have limits on foreign ownership and earnings management methods. The results of the OLS regression analysis show that both domestic and international institutions have a detrimental effect on profit management. In order to minimize information asymmetry between the stakeholders and ensure that the financial condition is revealed in the yearly financial statements in an honest and equitable manner, the study suggested that stringent criteria be established for information transparency. Consequently, their impact aids in limiting earning control strategies.

3 RESEARCH METHODOLOGY

The impact of ownership structure on earnings management of listed oil and gas companies in Nigeria was investigated in this study using an ex post facto research design. This research design was chosen for this study because it is in line with the research objectives, which include estimating the impact of the independent variable on the dependent variable and analyzing the effect of variables. All ten (10) oil and gas companies listed on the Nigerian Exchange Group (NGX Group) as of December 31, 2024, make up the study's population. is included in Appendix A. The sample size for the study was ten (10) oil and gas companies that were listed on the Nigeria Exchange Group as of December 31, 2024. Since the entire population is being examined, the study uses a census methodology. When all the study's findings will be more widely applicable if components (insurance companies) are added. The secondary data used in this study came from the yearly financial reports of the ten (10) Nigerian oil and gas companies that were sampled and quoted. Because the factors under inquiry were quantitative, secondary data were utilized. To determine the optimal estimation method between the pooled and robustness random effect models for this study, the study used panel regression analysis using descriptive statistics, Pearson correlation (correlation matrix), Shapiro-Wilk test for

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normality, Variance Inflation Factor (VIF) for multicollinearity, Breusch-Pagan/Cook-Weisberg test for heteroskedasticity, Breusch and Pagan Lagrangian Multiplier test for random effects, and Hausman Specification Test.
Model Specification
The functional relationship between the dependent variables and the explanatory variables are presented below. The mathematical form of the model is followed by the econometric form of the model. Mathematical form is presented as adopted from Oyedokun et al. (2020) and Ugwu et al. (2026) as follows:

ADA = f(FOWN+ MOWN) .

The econometrically, the model is stated thus:

$ADA_{it} = \alpha + \beta_1 FOWN_{it} + \beta_2 MOWN_{it} + e_{it})$ ---------- Model 1

Where: β1 and β2 are parameters estimate.

ADA = Absolute Discretionary Accrual

FOWN = Foreign Ownership

MOWN = Managerial Ownership

α = Constant

e = Error term

i = Firms

t = Periods

A-priori expectations: β1, β2, β3 and β4< 0

4 **RESULTS AND DISCUSSION**

4.1 Descriptive Statistics

Table 1: Summarizes the descriptive statistics of the entire data set.

Variables	Obs	Mean	Std. Dev.	Min	Max
ADA	120	0.0150	0.0331	0.0001	0.2511
FOWN	120	0.2580	0.3171	0	0.974
MOWN	120	0.0266	0.0487	0	0.2012

Source: *Researcher's Computation using STATA 15 software (2026)*

The descriptive statistics showed that over the period under study, ownership structure measured by Foreign Ownership (FOWN) and Managerial Ownership (MOWN) have positive mean value which ranges from 0.2580 for foreign ownership (FOWN), 0.0266 for managerial ownership (MOWN). The detail of the descriptive analysis is discussed below.

The absolute discretionary accrual (ADA) has a low value of 0.0001, a maximum value of 0.2511, and a mean value of 0.0150, which falls between the minimum and maximum values and indicates a good spread over the time under study, according to Table 2. Additionally, the data showed that ADA had a standard deviation of 0.0331, which is lower than the mean and suggests that it grew slowly during the reviewed time.

Additionally, Table 2 revealed that foreign ownership (FOWN) has a minimum value of 0, a maximum value of 0.974, and a mean value of 0.2580, which falls between the minimum and highest values and indicates a good spread across the examined period. Additionally, the data showed that FOWN had a standard deviation of 0.3171, which is higher than the mean and suggests that it saw significant growth throughout the reviewed time.

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The management ownership (MOWN) has a minimum value of 0, a maximum value of 0.2012, and a mean value of 0.0266, which falls between the minimum and highest values and indicates a good spread for the time under study, according to Table 2. Additionally, the data showed that MOWN had a standard deviation of 0.0487, which is higher than the mean and suggests that it saw significant growth throughout the reviewed time.

4.2.1 Normality Test (Shapiro Wilk)

The decision rule is that the data is symmetrically (normally) distributed with p-value higher than 0.05 or asymmetrically (abnormally) distributed with p-value less than or equal to 0.05 around the mean.

Table 2: Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
ADA	120	0.4561	82.198	10.152	0.0000
FOWN	120	0.8733	19.144	6.797	0.0000
MOWN	120	0.6066	59.452	9.406	0.0000

Source: *Researcher's Computation using STATA 15 software (2026)*

The Shapiro-Wilk normality test for both independent variables foreign ownership (FOWN) and managerial ownership (MOWN) is shown in Table 3 above. The data must be either asymmetrically (abnormally) distributed with a p-value of less than or equal to 0.05 around the mean, or symmetrically (normally) distributed with a p-value greater than 0.05. The p-value of 0.0000 indicates that the variables in the table are not regularly distributed. The Shapiro-Wilk test with p = 0.0000 indicates that the variables are not regularly distributed.

4.2.2 Pearson Correlation

Below shows the coefficient in the Pearson Correlation test for multicollinearity among the independent variables in the study. The decision rule is to accept the presence of multicollinearity among the independent variables if correlate above 0.8, otherwise reject the presence of multicollinearity in the model if no two independent variables correlate above 0.8 (Gujarati et al. 2012)

Table 3: Correlation Test

Variable	ADA	FOWN	MOWN	INOWN	OWNC	FSZ
ADA	1.000					
FOWN	-0.1002	1.000				
MOWN	-0.1070	-0.3890	1.000			

Source: *Researcher's Computation using STATA 15 software (2026)*

The degree of relationships between the proxies of an independent variable and the dependent variable is ascertained via the correlation matrix. Additionally, it is utilized to determine whether the model has a multicollinearity issue by displaying relationships between the proxies of independent variables itself.

The correlation coefficient of -0.1002 in Table 4 indicates a 10% negative and weak link between foreign ownership (FOWN) and absolute discretionary accrual (ADA) of quoted oil and gas companies in Nigeria. The correlation value of -0.1070 in the table also indicates a 10% negative and weak association between managerial ownership (MOWN) and absolute discretionary accrual (ADA) of quoted oil and gas companies in Nigeria.

4.2.3 Variance Inflation Factor (VIF)

Table 4: Variance Inflation factor

Variable	VIF	1/VIF
OWNC	2.27	0.4414
INOWN	1.85	0.5411
MOWN	1.76	0.5696
FOWN	1.47	0.6782
FSZ	1.43	0.7015
Mean VIF	1.75	

Source: *Researcher's computation using STATA 15 software (2025)*

Another test for collinearity is VIF which suggests presence of Multicollinearity if the VIF is more than 10 (Gujarati et al. 2012). In the table, the VIF is 1.75 which affirms absence of collinearity in the model. Also, the inverse VIF 1/VIF is less than 1 which also indicate non- existence of collinearity.

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4.2.4 Heteroscedasticity Test Results

The decision rule is to reject the null hypothesis of constant variance if the model has p-value less than or equal to critical p-value of 0.05 or accept the hypothesis if the p-value is higher than the critical value of 0.05.

Table 5: Heteroscedasticity test

Type of test	Chi2	Prob Chi2
Heteroskedasticity	86.08	0. 2140

Source: *Researcher's computation using STATA 15 software (2025)*

The heteroskedasticity test utilizing the Breusch-Pagan/Cook-Weisberg approach to assess the model's residual variance stability was displayed in Table 6. If the model's p-value is less than or equal to the critical p-value of 0.05, the null hypothesis of constant variance should be rejected; if the p-value is greater than the critical value of 0.05, the hypothesis should be accepted. The null hypothesis of constant variance is rejected because the model's p-value of 0.214 is more than 0.05, according to the table. This suggests that the alternative, which suggests that the model contains heteroskedasticity, is accepted. This suggests a low predictive value.

4.2.5 Pooled Effect VsRandom effects Model

Selecting the optimal panel approach is the first step in the panel data analysis process. The Breuschi-Pagan Lagrangian Multiplier test for random effects is used to determine whether to employ the pooled effect model or the random effect model. The presence of unobserved effects in the random effect model is investigated using the Lagrangian Mutiplier test. The null hypothesis is rejected and the random effects model of panel data is selected if the test's computed value is more than the critical value, or significant of chi-square, or vice versa.

4.2.6 Breusch-Pagan Lagrangian Multiplier Test

The Lagrangain Multiplier test looks for unobserved effects in the random effect model. The null hypothesis is rejected and the random effect model of panel data is selected if the test's computed value is more than the critical value (p-value less than 0.05), and vice versa.

Table 7: Breusch and Pagan Lagrangian multiplier test

Variable	Chi2	P-Chi2
ADA	28.38	0.0000

Source: *Researcher's computation using STATA 15 software (2025)*

From table 6, the chi2 result is 28.38with corresponding probability of 0.0000. The model multiplier result is significant as p-value is less than 0.05. Since the multiplier result is 0.0000 then the random model is the appropriate estimation technique for the study.

4.2.7 Hausman Specification Test

Decision rule for Hausman Test is that if the p-value is equal to or less than 0.05, the null hypothesis which states that the model is Random (not systematic) is rejected indicating that fixed effect is appropriate for the study. However, if the p-value is more than 0.05, then null is accepted and the appropriate estimation model is random.

Table 8: below presents the result of a Hausman specification test conducted.

Type of test	Chi2	P-Chi2
Hausman Test	3.62	0.6057

Source: *Researcher's computation using STATA 15 software (2025)*

From Table 8, the Chi2 p-value is 3.62 and p-value of 0.6057which is greater than 0.05 thus the random model is used for the study.

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4.2.8 The Results of Random Effect Regression Model

Table 9: Random Effect Regression Model Conducted

Variable	Coefficients	z-value	Prob.
FOWN	-0.0241	-1.48	0.040
MOWN	-0.0719	-0.74	0.460
_Cons.	0.0206	0.52	0.603
R-sq overall	0.0374		
Wald Chi2	3.62		
Prob. >Chi2	0.6049		

Note: ***1% and **5% Significance levels

Source: Researcher's Computation using STATA 15 software (2025)

Table 9 above demonstrated that the combined effect of foreign ownership (FOWN), managerial ownership (MOWN), institutional ownership (INOWN), ownership concentration (OWNC), and firm size (FSZ) predicts a 3% difference in absolute discretionary accrual (ADA) with an overall R-sq of 0. 0374.The model is appropriate for the study, as indicated by the Wald chi2 value of 3.62 and the Prob>chi of 0.6049. This showed that the independent variables are appropriately incorporated and utilized, and the study's model is fit.

4.3 Test of Hypotheses

If the p-value is less than or equal to 0.05, the null hypothesis is rejected and the alternative hypothesis is accepted; if it is more than 0.05, the alternative hypothesis is rejected and the null hypothesis is accepted.
The developed hypotheses were tested using a random effect regression model to investigate the impact of ownership structure on earnings management of listed oil and gas companies in Nigeria.

Ho_1: Foreign ownership has no significant effect on absolute discretionary accrual of quoted consumer goods firms in Nigeria.

The findings in Table 9 above demonstrated that FOWN has a z-value of -1.48 with a coefficient of -0.0241, and the corresponding p-value of 0.040 indicated that, for the period under review, foreign ownership significantly reduces the absolute discretionary accrual of quoted oil and gas companies in Nigeria. This leads to the rejection of the null hypothesis, which states that the absolute discretionary accrual of listed oil and gas companies in Nigeria is unaffected by board size.

Ho_2: Managerial ownership director has no significant effect on absolute discretionary accrual of quoted oil and gas firms in Nigeria.

Managerial ownership had a negligible negative impact on the absolute discretionary accrual of listed oil and gas companies in Nigeria for the period under review, according to Table 9, which also showed that MOWN has a z-value of -0.74 with a coefficient of -0.0719 and the corresponding p-value of 0.460. This leads to the acceptance of the null hypothesis, which states that the absolute discretionary accrual of listed oil and gas companies in Nigeria is not significantly impacted by board independence.

4.4 Summary of Findings

i. This analysis found that the absolute discretionary accrual of listed oil and gas companies in Nigeria is negatively impacted by foreign ownership, but not significantly. This shown that the absolute discretionary accrual of listed oil and gas companies in Nigeria will drop by -0.0241 as foreign ownership declines.
ii. The study also shows that the absolute discretionary accrual of listed oil and gas companies in Nigeria is negatively impacted by managerial ownership in a negligible way. This shown that the absolute discretionary accrual of listed oil and gas companies in Nigeria will drop by -0.0719 as management ownership declines.

5 CONCLUSIONAND RECOMMENDATION

In conclusion, ownership structure is a critical determinant of earnings management in quoted Nigerian oil and gas firms. Policymakers, regulators, and investors should therefore pay closer attention to ownership composition when assessing financial reporting quality. Strengthening disclosure requirements and enhancing shareholder monitoring mechanisms will improve transparency and promote confidence in the financial statements of firms operating in this vital industry.

5.1 Recommendations

Based on the above conclusions, the following recommendations are made:

i. Oil and gas firms should strengthen internal governance structures by reinforcing audit committees, ensuring independence of board members, and adopting robust internal control systems to curb earnings management practices
ii. Firms should encourage greater participation of institutional investors, as their monitoring capacity can reduce opportunistic earnings management and improve financial reporting quality.

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