

# Corporate Reorganization and Corporate Performance of Oil and Gas Companies in Nigeria

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## ABSTRACT

Good performance directly contributes to **maximizing shareholder value**, and serves as a primary driver for **attracting new investors**. It further demonstrates financial health, effective management, and the potential for future returns. Organizations cannot always operate in the same manner since they are dynamic systems. They must change through several life cycles in order to function smoothly and effectively. One of the main goals for organization across the globe is to improve corporate performance. In order to maximize financial performance and manage financial difficulties, corporate restructuring has evolved into a crucial strategy for businesses. Evidence from literature showed that Organizations encounter challenges which led to financial distress of many and liquidation of many oil and gas companies. Research has shown that not many oil and gas companies have integrated corporate reorganization into their systems for enhancement of their performance. This study therefore examined the effect of corporate reorganization on financial performance of listed oil and gas companies in Nigeria for the period between 2010 - 2024. Ex-post facto research design was used. The population of the study was 14 listed oil and gas companies in Nigeria Using the purposeful sampling techniques, the sample size was 11 listed oil and gas companies The study found that assets restructuring has no significant effect on financial performance as indicated by the coefficient 0.0084 and p-value 0.157 at 5% level of significant while corporate financial restructuring and organizational restructuring have positive and significant effect on financial performance with coefficient (1.3760; 0.1132) and p-value (0.009; 0.003) at 5% level of significant respectively. The study concluded that corporate reorganization enhanced the corporate performance of oil and gas companies. It recommended that Nigerian oil and gas management should create new market strategies, practices, and resources that will boost competitiveness, adapt to market changes, and facilitate the development of unique products and services that will satisfy shifting consumer demand for enhancement and growth of corporate performance.

**Key Words:** Assets restructuring, Corporate restructuring, Financial restructuring, Neoclassical theories, and Return on equity

## INTRODUCTION

In today's business environment, companies of all sizes will be a part of the global business community, influencing and being influenced by global pressures, events, and social change (Abiodun *et al.*, 2024). This is due to the dynamic, turbulent, discontinuous, and fiercely competitive nature of the business environment, which necessitates careful planning. Organizations must swiftly develop operating strategies that improve their competences from outdated ones in order to either adapt to new ones or be weakened by environmental changes due to the rapid changes in the global economy (Atiyah, 2020). In order to maintain their position in the market, organizations must adapt swiftly to new issues that arise in their environment (Bowman & Singh, 2018).

Organizations cannot always operate in the same manner since they are dynamic systems. They must change through several life cycles in order to function smoothly and effectively. One of the main goals of an organization globally is to improve corporate performance (Bakare *et al.*, 2023). In order to maximize financial performance and manage financial difficulties, corporate restructuring has evolved into a crucial strategy for businesses. In

order to support revised policies and programs, it is a corporate strategy that intentionally engages and seeks to impact policies, programs, goods, processes, and people (Azzouzi, 2022). A reorganization entails making changes to an organization's systems, personnel, and operations. Additionally, it can entail shifting ownership or rearranging departments (Wairimu & Omwenga 2022).

As the main source of government revenue, foreign exchange earnings, and industrial energy supplies, the oil and gas industry plays a crucial role in Nigeria's economy (Mordor Intelligence, 2025; ICLG, 2025). The sector's sustainability and competitiveness, as the foundation of the country's industrial growth and economic stability, depend not only on its resource endowment but also on businesses' capacity to sustain a strong strategic market position in the face of evolving global energy trends, environmental regulations, and technological disruptions (Deloitte, 2025; Tonye & Boubai, 2025). In this case, a company's strategic market position demonstrates how well it can handle competition, broaden its product line, and retain customers in an energy market that is growing more diverse and less carbon-intensive (Ogbaini, 2025). Nigerian oil and gas companies must be able to adapt to new laws, shifting market conditions, and innovative business practices in order to maintain this level of performance.

Restructuring, which is usually linked to changes in the firm's ownership and financial structure, is a purposeful, significant, and uncommon change in the organization and operation of corporate entities experiencing financial and operational difficulties (Odi & Oji, 2024). A company's competitive position and market status are frequently enhanced through restructuring, which includes mergers, acquisitions, divestitures, and debt restructuring (Dixit *et al.*, 2024). Changes to the funding mix, financial structure, dividend, capitalization, or retention policies may follow. It may also manifest as organizational or technological shifts. All organizations, however, are reorganized to optimize value and profit for stakeholders.

Nigeria's government is reshaping its oil and gas sector primarily through the Petroleum Industry Act (PIA) 2021, creating new regulators (NUPRC, NMDPRA) and a commercial NNPC Ltd., alongside recent Executive Orders introducing fiscal incentives for deepwater/gas, cost efficiency, and local content, aiming for better governance, increased investment, and gas monetization, though implementation challenges remain (Trade.gov, 2024). This reform is to reshape and comprehensively overhaul to modernize governance, improve transparency, attract investment, and better manage revenues.

In order to support revised policies and programs, corporate restructuring is a company strategy that intentionally engages and seeks to impact policies, programs, goods, processes, and people (Okoye *et al.*, 2024). It is a purposeful, significant, and uncommon change in the structure and functioning of companies experiencing financial and operational difficulties, and it is usually linked to modifications in the company's ownership and financial structure (Coates, 2014). When done properly, corporate reorganization should serve as a motivator for improving a company's performance. It is a deliberate restructuring of a troubled organization to bring it back to prosperity.

Reorganizations are helpful in this regard because the severity of some organizations' failures would require significant improvements rather than merely small adjustments (Ndege & Ogollah, 2020).

Increasing revenue and improving efficiency are the primary motivations for reorganizing an organization; however, restructuring may result in job losses, and even those who stay frequently fail to provide the anticipated value, ultimately failing to improve the overall performance of the organization (Girod & Karim, 2017). Corporate restructuring can remove infrastructure and financial barriers, which is helpful in addressing organizational performance issues, even if organizational performance entails setting goals and working hard to achieve them.

Managers and other stakeholders have taken notice of an organization's performance because it shows the health and well-being of the organization. It measures the predetermined indicators of success and serves as the foundation for the creation of plans, evaluation of accomplishments, and compensation (Muazu, 2024). Even while corporate restructuring and performance have historically interacted, the implementation of a suitable plan determines whether this relationship succeeds or fails. As a result, corporate restructuring is constantly sought

for as a means of enhancing performance, particularly for dormant organizations. By promoting synergy, corporate restructuring is a tactic that can assist companies in addressing subpar performance.

It has been noted that while a substantial portion of restructuring initiatives have been carried out, many of them have not produced the expected outcomes. There are several reasons for this, but they haven't yet been explained in a way that will help managers behave appropriately during the design and implementation phases (Makedon *et al.*, 2025). Furthermore, because of the high failure rate, the outcomes of successful restructuring initiatives don't seem to fully justify the resources spent. Even though the oil and gas industry is a significant contributor to GDP, foreign exchange earnings, and economic growth, it continues to face challenges from more volatile oil prices, ambiguous laws, and the global trend toward renewable energy sources. Nigerian oil and gas businesses' long-term survival in both domestic and foreign markets is threatened by all of these factors (Tonye & Boubai, 2025).

Restructuring a business is one way to address these issues, particularly with regard to automation, data analytics, and digital transformation (Hanson *et al.*, 2023; Trade.gov, 2024). By making their operations more adaptable, customer-focused, and innovative, these restructuring components may help oil and gas businesses strengthen their strategic market position. There are still unanswered questions regarding corporate restructuring and its impact on the corporate performance of listed oil and gas companies in Nigeria, despite evidence that it has a substantial impact on corporate performance (Kanyagia, 2020; Nweze *et al.*, 2022; Nyambura & Maina, 2021). In line with this, the following specific research hypotheses become pertinent and were tested:

- i. Assets restructuring has no significant effect on financial performance of listed oil and gas companies in Nigeria.
- ii. Corporate financial restructuring does not have significant effect on financial performance of listed oil and gas companies in Nigeria.
- iii. Organizational Restructuring has no significant effect on listed oil and gas companies in Nigeria.

The majority of research in the area of restructuring for performance enhancement is predicated on the different aspects of both variables, offering a constrained perspective on the topic. In order to see corporate restructuring as a crucial part of corporate governance, a comprehensive approach is needed. For this reason, this review combined many of the aspects of restructuring that were previously examined separately in order to determine how restructuring can affect organizational performance. Additionally, financial performance has been the primary metric used to assess performance.

## LITERATURE REVIEW

### Conceptual Review

#### Corporate Restructuring

Corporate restructuring which is usually used interchangeably with reorganization entails change the organization's structure, business plan, and management group in order to solve problems, improve productivity, raise shareholder value, and boost employee output-all of which improve organizational performance. Corporate restructuring is concerned with organizing the business activities of the corporation as a whole to accomplish specific predetermined objectives. Its scope includes cost reduction, increased efficiency, and improved profitability. Therefore, a corporation must restructure in order to thrive in a competitive climate (Girod & Karim, 2017). In order to identify areas of competency, improvement, and potential dangers, organizational restructuring entails completing an assessment and using the results to guide strategic solutions.

Florio *et al.*, (2018) describe corporate restructuring as the process of changing a company's organizational structure. Corporate restructuring can entail drastically transforming a company by eliminating or combining sections. It means reorganizing the company to boost productivity and profitability. To put it another way, it is an all-encompassing procedure that enables a corporation to streamline its operations, improve its position for

accomplishing corporate goals, create synergies, and maintain its competitiveness and success (Makedon *et al.*, 2025; Udeoji & Udeoji, 2024).

Corporate restructuring is a business approach that involves substantially changing a company's financial structure, management team, or business model in order to solve problems and boost shareholder value (Okoye *et al.*, 2024). Although restructuring is typically intended to minimize the impact on employees, if possible, it may require significant layoffs or bankruptcy (Dixit *et al.*, 2024). Restructuring could entail selling the business or merging with another business (Abiodun *et al.*, 2024). Restructuring is a business approach used by companies to secure their long-term existence. If creditors or shareholders believe that the company's current business strategies are inadequate to protect their assets, they may compel a restructuring (Atiya, 2020).

### **Corporate Assets Restructuring**

According to Lawrence *et al.*, (2020), asset restructuring involves changing an asset's configuration by selling off undesirable assets or asset types and substituting them with desired assets. It might entail buying new assets and selling ones that aren't needed or desired. It could involve rearranging the asset mix of a portfolio by purchasing desired asset kinds or securities while concurrently selling off undesirable asset types (cash, debt, or stocks) or particular securities within that class (Hanson *et al.*, 2023). When deciding when and how to alter the assets in the portfolio, Maria, Angel, and Javier (2015) point out that fundamental, technical, and/or macroeconomic analysis are crucial.

### **Financial Restructuring**

The goal of financial restructuring is to keep the business from going out of business. Third parties typically agree to satisfy creditors' claims under specific terms and conditions (Udeoji & Udeoji 2024).

Financial restructuring can also be accomplished by reaching a deal with all of the firm's creditors, whereby creditors will be paid on conditions that differ slightly from those that the company originally accepted when credit and loans were granted (Lucky & Akani, 2019). This type of financial restructuring minimizes losses to creditors while allowing the business to continue operating.

### **Organizational Restructuring**

Changes in human resources policies lead to organizational reorganization (Lucky & Akani, 2019). The organization's present HR policies might need to be modified to reflect the evolving situation.

Change management must be made possible by the human resources division. According to Azzouzi (2022), rationalizing the current wage structure is necessary to preserve internal and external equity among employees and encourage them to increase productivity. Organizational reform may be necessary if certain indications are present (Ogbaini, 2025).

### **Corporate Performance**

Corporate financial performance is an overview of the company's financial status report over a period of time to figure out how successful and profitable a company is in producing revenue (Okoye *et al.*, 2024; Hanson *et al.*, 2023).

Corporate financial performance measures a company's financial health and success over time, analyzing profitability, efficiency, and value creation using financial statements (income statement, statement of financial position, cash flow) and key ratios to assess management's effectiveness for internal use, investors, and lenders.

Strong performance indicates good management, operational efficiency, and potential for future growth, while weak performance signals risk, affecting investment decisions and sustainability.

## THEORETICAL REVIEW AND FRAMEWORK

### Signaling Theory

The signaling theory was propounded by Michael Spence in 1973 (Connelly *et al.*, 2011). Signaling theory stands on the agency theory (Okolie & Izedonmi, 2014). This explains how managers may impart to the market additional information about their company and their behavior. Signaling theory suggests that companies with good performance use financial information disclosure through the help of effective structuring of the company to send signals to the market. A high-quality audit sends a signal to the market that the financial statements are credible. The signal of transparency and credibility sends assurance about the quality of a firm's financial disclosure in statements to the stakeholders and this positively enhance the performance of the companies.

### Neoclassical Theories

Neoclassical theories was propounded by Alfred Marshall in 1904. Neoclassical theories assume individuals are rational, self-interested actors (consumers maximize utility, firms maximize profit) making choices with perfect information to achieve goals, leading to self-regulating markets that reach equilibrium (Dixit *et al.*, 2024). Key assumptions include rational preferences, independent decision-making, perfect information, profit maximization, and market self-correction towards equilibrium. The theory was used by Dixit *et al.*, (2024); Azzouzi, (2022); and Hanson *et al.*, (2023).

Neoclassical theories include the synergy factors, which presuppose that managers will only engage in corporate restructuring if the returns are favorable for both the target and acquiring shareholders, resulting in a synergy with positively correlated gains for both groups of shareholders (Odi & Oji, 2024). If the two combined businesses generate a higher return than the two separate businesses due to factors like increased market power and efficiency gains for the merged or acquired businesses, there is a synergy factor.

Operating synergies in terms of economies of scope and economies of scale, such as the capacity to provide a broad range of products, are among the most commonly mentioned synergies with regard to corporate restructuring objectives. Financial synergies are another type of synergy between businesses that have more capital but fewer opportunities for expansion and another that has more potential for growth but less capital and together can achieve higher profitability. One of the internal elements included by neoclassical theories is agency cost. This is the expense made by the business when an agent is hired to make choices that will benefit the company.

### Stakeholders Theory

The stakeholder theory views the firm as a nexus of relationships. Freeman (1984), cited in Schilling (2000) defines a stakeholder as "any group or individual who can influence or is influenced by the achievement of the organization's objectives. In the words of Clarke (2004), stakeholder theory defines the firm as multilateral agreements between the enterprise and its multiple stakeholders.

Unlike the agency theory which reduces the stakeholders in a firm to only shareholders and managers, stakeholder theory views the firm as comprising more than two stakeholders (e.g. employees).

This theory was propounded by R. Edward Freeman in 1984 and assume that Companies should consider the interests of all parties affected by their actions, including employees, customers, suppliers, communities, and investors.

The relationship between the company and its internal stakeholders (such as employees, managers, and owners) is framed by formal and informal rules developed through the history of the relationship. While management receives finance from shareholders, they depend upon employees to accomplish the productive purpose of the company.

## Empirical Review

Macaulay and Okoro (2025) investigated how corporate restructuring affected Nigerian oil and gas companies' market share positions. Management-level respondents with operational, strategic, and managerial knowledge were given a standardized five-point Likert scale questionnaire as part of the study's cross-sectional survey design. The results showed a strong, positive, and statistically significant correlation between marketing restructuring and strategic market position as well as between technological restructuring and strategic market position. The study's findings show that in Nigeria's dynamic oil and gas industry, technology and marketing restructuring are crucial drivers of competitive advantage, market relevance, and customer loyalty.

In their analysis of corporate restructuring in Nigeria, India, the United Kingdom, and the United States, Udeoji and Udeoji (2024) identified and studied the legal frameworks, important authors, pertinent theories, and research. Books and papers published in peer-reviewed academic journals were given special consideration. Corporate restructuring was found to have the capacity to improve organizational performance, according to the study's conclusion.

Based on panel analysis of data from five banks, Okoye *et al.*, (2024) examined bank performance in the pre- and post-reform eras to assess the value or effectiveness of the capital reform in improving bank performance. The study's time frame was 1996–2016. The model's parameters were assessed using the generalized method of moments. Total assets and deposit growth had a somewhat beneficial impact on bank performance prior to reform, according to the random effects model's findings. However, the post-reform evaluation shows that profitability is higher in smaller banks while it is noticeably lower in larger banks. Based on the aforementioned data, the study claims that bank profit performance is significantly correlated with industry restructuring.

Vo *et al.*, (2024) investigate the limited role of digital transformation on the impact of corporate restructuring on firm performance in Vietnam. For 11 years, from 2011 to 2021, the study employed content analysis with an emphasis on certain topics, such as digitalization, big data, cloud computing, blockchain, and information technology. For the Vietnamese listed companies, the frequency index derived from these keywords serves as a stand-in for the digital transformation. 118 Vietnamese listed companies with enough data for the generalized method of moments (GMM) analysis make up the final sample. The findings show that business performance in Vietnam is negatively impacted by corporate restructuring, including financial, portfolio, and operational restructuring. Firm performance is also adversely affected by digital transformation.

## METHODOLOGY

*Research design:* ex-post facto research design was used in the study. The ex-post facto research design was used in this study, because the data was subjected to time and cross-sectional attributes. Ex-post facto research design is applicable to the study in the sense that the nature of data to be used in the study involves events that have already taken place (secondary source) (Asika, 2006). Traditional econometric methods which includes fixed and random effects regressions, as well as OLS regression, instrumental variables and two-stage least square estimation, as well as Vector Auto Regression models, were frequently used in the previous studies on the subject matter (for instance see Echobu, Ekundayo & Abu, 2022; Uwuigbe *et al.*, 2018; Adeyemi & Bakare, 2019; Owolabi, *et al.*, 2016 Asogwa, 2017). This study, however, employed a GMM dynamic panel, a more advanced estimating strategy. Traditional econometric techniques like OLS do not produce unbiased estimates since the lagged dependent variable exists among the independent variables, which has increased the use of this method.

Endogeneity, which biases the predicted coefficient of the lagged dependent variable when employing OLS estimation, is also shown by the link between the lagged dependent variables and the error term. The Generalized Moment Method estimator system is ideal to utilize in this case and could provide a solution given that the panel data consist of time series and cross sections. This study makes the assumption that a company's financial performance may be influenced by its financial performance from the previous year as well as by interactions between explanatory variables and the financial performance (ROE) of sampled firms.

The GMM estimator is as follows:

$$ROE_{it} = \alpha + \beta_1 ASRE_{it} + \beta_2 CFR_{it} + \beta_3 ORE_{it} + \mu_i$$

Where ROE is return on equity, ASRE is assets restructuring, CFR is corporate financial restructuring, ORE is organizational restructuring  $\alpha$  captures intercept,  $\beta_1 - \beta_3$  is the parameters of estimate  $\mu_{it}$  is  $\epsilon_{it} + \lambda_i$ , while  $\epsilon_{it}$  is stochastic error term, and  $\lambda_i$  is cross-sectionals individual difference (Composite Error).

*Population and Sampling Techniques:* population of the study consists of 14 oil and gas companies on the stock exchange for the period of 2010 - 2024. In arriving at the sample, in order to maintain the validity of the findings for each company, the study, using purposeful sampling techniques arrived 11 oil and gas companies listed on Nigerian stock exchange.

### Data Analysis and Interpretations

*Pairwise correlation analysis:* Table 1 presents the results of pairwise correlation analysis to show the relationship that exists among the variables of this study.

**Table 1: Results of Pairwise Correlation Analysis**

	ROE	ASRE	CFR	ORE
ROE	1			
ASRE	0.7149 (0.000)	1		
CFR	-0.1852 (0.033)	-0.1354 (0.121)	1	
ORE	0.1153 (0.187)	0.0699 (0.425)	-0.3024 (0.000)	1

**Source:** Authors' Computations, (2025).

Return on equity has a statistically significant positive correlation coefficients with assets restructuring (0.7149 with p-value of 0.000) but a statistically significant negative correlation with corporate financial restructuring (-0.1852 with p-value of 0.033). However, return on equity has no statistically significant correlation coefficients with some variables such as organizational restructuring. This implies that return on equity has significant positive relationship with assets restructuring but has significant negative relationship with corporate financial restructuring. It also implies that return on equity moves in the same direction with the former variable but moves in opposite direction with the latter variable. Consequently, higher levels of return on equity are associated with higher levels assets restructuring, but higher level of return on equity are associated with lower levels of corporate financial restructuring and vice versa.

Assets restructuring has no statistically significant correlation coefficients with all variables. Corporate financial restructuring has a statistically significant negative correlation coefficients with organizational restructuring (-0.3024 with p-value of 0.000). Overall, none of the correlation coefficients of the relationships among the explanatory variables is as high as 0.8. Following the rule of thumb of detecting severe multicollinearity (see Asteriou & Hall, 2016), this signifies that employing these variables together in a regression model would not lead to the problem of severe multicollinearity.

*Unit root test:* Here are the findings from the unit root test. The purpose of the test was to confirm the time series properties of the panel data used in this investigation, particularly its degree of stationarity. In order to prevent

erroneous regression findings in the work, the test is crucial to verify that the variables are stationary or otherwise integrated.

**Table 2: Results of Fisher-type Augmented Dickey-Fuller Unit Root Test**

Variable	P-statistic	p-value	Z-statistic	p-value	L*-statistic	p-value	Pm-statistic	p-value	Remark
ROE	121.2	0.000	-4.974	0.000	-8.686	0.000	14.04	0.000	Stationary
ASRE	43.70	0.008	-2.127	0.016	-2.309	0.012	2.844	0.002	Stationary
CFR	102.6	0.000	-2.752	0.000	-6.339	0.000	11.35	0.000	Stationary
ORE	74.32	0.000	-3.145	0.000	-4.765	0.000	7.264	0.000	Stationary

Source: Authors' Computations, (2025).

*Note: P-statistic is Inverse chi-squared statistic; Z-statistic is Inverse normal statistic; L\*-statistic is Inverse logit t statistic; Pm-statistic is Modified inverse chi-squared statistic.*

The unit root test results presented in Table 2 are those from the Fisher-type augmented Dickey-Fuller procedure. The test reveals four test statistics for the test which include the inverse chi-squared statistic (P), inverse normal statistic (Z), inverse logit t statistic (L\*) and modified inverse chi-squared statistic (Pm). The test results revealed that the four test statistics support the fact that each ROE, ASRE, CFR, and ORE is stationary.

Looking at the results, all test statistics have high statistic value and low p-values which are enough to reject the test null hypothesis of presence of unit root or in other words, non-stationarity. Since two of these variables statistics support stationarity, then it is concluded that the variable is stationary. The results show that it is stationary from the inverse normal and inverse logit t statistics, but not stationary from the inverse chi-squared and modified inverse chi-squared statistics. Since two of these statistics support stationarity, then it is concluded that the variable is stationary.

**Table 3: Result of Variance Inflation Factor (VIF)**

Variable	VIF	1/VIF
ASRE	3.5	0.232787
CFR	3.31	0.301964
ORE	3.3	0.302653
Mean VIF	11.56	

Source: Authors' Computations, (2025).

With each of the VIF values being lower than 10, the model of this study is free from multicollinearity problem. The tolerance (1/VIF) values also suggest similar conclusion, as each of the values are well above zero.

The variance inflation factor results therefore revealed that all the independent variables of the model do not exhibit very high correlation that can lead to multicollinearity problem. The result further buttresses the conclusion reached from the pairwise correlation analysis.

### Regression of Results and Discussion of Findings

The result of the corporate reorganization and its effect on financial performance of the focused sector is presented here.

**Table 4: Result of System GMM for Return on Equity**

Variable	Coefficient	Standard Error	Z	p-value
ROE(lag)	0.23177	0.152732	-1.52	0.129
ASRE	0.00824	0.005828	1.41	0.157
CFR	1.37597	1.698909	-0.81	0.009
ORE	0.11324	0.118172	-0.96	0.003
Constant	2.860752	2.473595	1.16	0.247
Sargan test	3.248			0.671
AR test (1)	-1.411			0.158
AR test (2)	-1.425			0.154
Wald X <sup>2</sup>	10.92			0.000
R-square	89.3			
Adjusted R-square	84.8			

**Source:** Authors' Computations, (2025).

**The table above is not complete.**

**Research Model and *Apriori* Expectation**

$$ROE_{it} = \alpha + \beta_1 ASRE_{it} + \beta_2 CFR_{it} + \beta_3 ORE_{it} + \mu_i$$

$$INCO = 0.2318 + 0.0082A + 1.3760C + 0.1132O$$

When the Arellano-Bond test of autocorrelation (AR) is used to evaluate the model of this study in terms of autocorrelation (also known as serial correlation), the null hypothesis that there is no autocorrelation is presented. The fundamental premise of the test is that while first-order autocorrelation in the GMM result might be acceptable, second-order autocorrelation seriously casts doubt on the validity of the result. The outcome demonstrates that the p-value is much higher than 0.005 and the first-order autocorrelation statistic value is fairly high (i.e., -1.411). This satisfies the test's criterion and suggests that there is no first-order autocorrelation in the model, proving that the null hypothesis that there is no first-order autocorrelation could not be rejected. Additionally, the outcome demonstrates that the p-value is much higher than 0.05 and the second-order autocorrelation statistic value is fairly high (i.e., -1.425). This suggests that the second-order test, which satisfies the test's condition, cannot reject the test null hypothesis.

As a result, neither first-order nor second-order autocorrelation issues exist in the model. The Sargan test of over-identifying restriction was performed for this model in order to assess the validity of the instruments used. This was done to confirm the validity of the limitations imposed on the used instruments to prevent over-identification. This test's null hypothesis concerns the validity of over-identifying limitations. The results imply that the test's null hypothesis could not be rejected for the model given the statistic value of the test result, which is 3.248, and its p-value being greater than 0.01. This suggests that the model's over-identifying constraint is appropriate.

Examining the significance of each of the model's explanatory variables, the findings indicate that the assets restructuring has an insignificant effect, with coefficients of 0.00824 and p-values of 0.157, on the one hand, corporate financial restructuring and organizational restructuring have positive and statistically significant effect on financial performance of Nigeria oil and gas companies with the coefficients of 1.37597, and 0.11324 and p-

values 0.009, and 0.003 respectively. The findings are robust because the system GMM estimator produces consistent estimates; this is confirmed by Arellano-Bond test of autocorrelation statistic.

Overall, the result of the Wald  $X^2$  of (10.92) with P-value of (0.0000). This shows that corporate reorganization has significant effect on financial performance of listed oil and gas companies in Nigeria. This significance of corporate financial restructuring, and organizational restructuring implies that effective restructuring will have positive and significant effect on financial performance of oil and gas companies.

## **DISCUSSION OF FINDINGS**

There is no question that sound and efficient corporate restructuring of oil and gas companies plays a significant role in improving financial performance and justifying shareholder interest of listed oil and gas companies in Nigeria, based on the results of all the regression estimates shown in Table 4. The financial performance of listed oil and gas businesses can be impacted by corporate reorganization, as demonstrated by the GMM-based regression models.

According to the first regression finding, assets restructuring has a favorable but negligible impact on the financial performance of Nigerian listed oil and gas businesses as determined by the sampled companies' return on equity. This outcome is consistent with research by Azzouzi (2022), Dixit et al. (2024), and Udeoji and Udeoji (2024). The financial performance of listed oil and gas businesses in Nigeria is positively and significantly impacted by organizational and corporate financial restructuring. The research conducted by Makedon *et al.*, (2025), Hanson *et al.*, (2023), Tonye and Boubai (2025), and Vo *et al.*, (2024) supports these findings.

The results indicated that Nigerian oil and gas businesses should be better able to adapt to changes in the market, which suggested that management should be more in line with the organization's objectives and that there may be cost and overhead savings. The results show that a firm's decision to restructure is impacted by political/legal, technological, economic, and sociocultural aspects; the firm's goals, technology advancements, and economic reasons are given more weight. In an effort to improve performance, organizations have embraced the idea of restructuring and are doing it more frequently. Performance was most affected by financial restructuring, which was followed by organizational and portfolio restructuring.

## **CONCLUSION AND RECOMMENDATIONS**

Using the GMM estimate approach, this study examines how corporate restructuring affected the financial performance of Nigerian listed oil and gas businesses between 2010 and 2020. The study comes to the conclusion that organizations should implement some degree of survival tactics regardless of their overall health and well-being, let alone those that have evident existential issues.

Therefore, restructuring continues to be a viable recovery strategy for troubled businesses. Depending on the underlying cause of the issue, the particular goal sought, and the prevailing environmental variables, the restructuring strategic choices could include mergers and acquisitions, joint ventures, divestitures, corporate takeovers, strategic alliances, corporate buyouts, and tender offers. The study thereby recommends that:

- i. In order to improve the performance of the companies following corporate restructuring, the management of the companies should implement tactical and strategic methods for managing the operating environment.
- ii. The management of the listed oil and gas companies in Nigeria should as a matter of fact and in order to maximize benefits, customer loyalty, and market share over time in a competitive environment, strategically change their technological infrastructure, processes, and capacities to make them more inventive, efficient, and competitive.
- iii. Nigerian oil and gas management should create new market strategies, practices, and resources that will boost competitiveness, adapt to market changes, and facilitate the development of unique products and services that will satisfy shifting consumer demands.

## Contribution to knowledge and Future Research

A unique distinctive characteristic of this study is the combination of corporate assets restructuring, financial restructuring, and organizational restructuring regressed against return on equity of the sampled oil and gas companies in Nigeria. This is rare in the contemporary studies on the effects of corporate restructuring on financial performance of listed oil and gas companies in Nigeria and has provided insights that have added to the body of knowledge in the field of study.

The study acknowledged the efforts of the previous studies that have investigated the study on the subject area of study. However, majority of these studies focused on other sector and failed to extend the scope up to 2024 while none of these previous studies conducted in Nigeria used generalized method of moments (GMM) and mostly used ordinary least square method in analysing their data.

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