

ASSET MANAGEMENT AND FIRM VALUE OF LISTED OIL AND GAS FIRMS IN NIGERIA

¹Oranefo Patricia C. and ²Uzochukwu Ezekwere

¹Department of Accountancy, Nnamdi Azikiwe University, Awka, Anambra State

²Department of accounting, Kingsley Ozumba Mbadiwe University, Ideato, Imo State

Email: rollandchi@gmail.com; uzochukwu.ezekwere@komu.edu.ng

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Abstract: *The study determined the effect of asset management on the firm value of listed oil and gas firms in Nigeria, using fixed asset turnover ratio and total asset turnover ratio affect the Tobin's Q of listed oil and gas firms in Nigeria. Ex-post facto design was adopted in the study. The sample for this study was determined through purposive sampling, selecting five out of the population of nine (9) listed oil and gas firms in Nigeria. The secondary data for the study were collected from the annual reports of the firms over a ten year period from 2014 to 2023. Data were analyzed using descriptive statistics and tested the hypotheses with ordinary least squares (OLS) regression. The study found that Fixed Asset Turnover Ratio has a positive but non-significant effect on Tobin's Q of listed oil and gas firms in Nigeria, while Total Asset Turnover Ratio has a negative but non-significant effect on Tobin's Q of listed oil and gas firms in Nigeria. The study recommends that the boards of directors of listed oil and gas firms should prioritize investments in training and development for operational staff to ensure optimal utilization of fixed assets. This training can enhance asset productivity and support sustainable growth in firm value.*

Keywords: *Asset management, Fixed asset turnover ratio, Total asset turnover ratio, and Tobin's Q*

Introduction

Asset management is not just about financial stewardship; but it also encompasses the strategic deployment, maintenance, and utilization of both physical and intangible assets to optimize operational performance and achieve long-term business goals (Joseph, Isah & Abe, 2023). As the industry faces increasing pressure from stakeholders, including governments, investors, and environmental groups, the need for robust asset management practices has become more pronounced. Firms that can effectively manage their assets are better positioned to navigate the complexities of the industry, mitigate risks, and capitalize on opportunities, thereby enhancing their value and ensuring their competitiveness in the global market (Achori, Dada & Ogundajo, 2023).

Asset management involves a comprehensive approach to managing an organization's assets throughout their lifecycle—from acquisition and operation to maintenance and eventual disposal

(Achori, Dada & Ogundajo, 2023). Ensuring asset integrity is crucial in the oil and gas industry, where the failure of critical assets can have catastrophic consequences, including environmental disasters, financial losses, and damage to a company's reputation. Value optimization, the ultimate goal of asset management, involves maximizing the return on investment from assets while minimizing costs and risks. This requires a strategic approach to asset management, where decisions are based on a thorough understanding of the asset's value, its contribution to the organization's objectives, and the trade-offs between cost, risk, and performance. In the oil and gas industry, effective asset management is critical to achieving long-term business success because asset management plays a pivotal role in influencing the value of firms, particularly in capital-intensive industries like oil and gas. The value of a firm is often measured by its market capitalization, which reflects the collective perception of investors regarding the firm's future profitability and growth potential (Igwe, 2024). Effective asset management can enhance firm value by improving operational efficiency, reducing costs, and mitigating risks, all of which contribute to stronger financial performance and higher investor confidence.

Firms that manage their assets in a manner that maximizes efficiency are able to minimize costs, and optimize production, thereby enhancing overall firm value. Asset management practices when strategically aligned with the firm's long-term goals ensures that assets are well-maintained, reliable, and capable of delivering consistent performance over time (Nkwo, 2023). Additionally, firms would proactively manage risks associated with asset failures, regulatory compliance, and environmental impacts, thereby protecting their investments and maintaining a strong reputation among stakeholders.

However, asset management practices are often suboptimal, characterized by inadequate maintenance, poor planning, and insufficient investment in new technologies (Campbell, Jardine, McGlynn & Barry, 2024). Many firms struggle to maintain the integrity and reliability of their critical assets, leading to frequent breakdowns, production disruptions, and increased operational costs. Additionally, the risk management strategies employed by these firms are often reactive rather than proactive, with firms responding to asset failures and regulatory issues only after they have occurred. This approach not only increases the likelihood of operational disruptions but also exposes firms to significant financial risks (Joseph, Isah & Abe, 2023).

The existing literature reveals a significant gap in understanding the effect of asset management on firm value, specifically within the context of listed oil and gas firms in Nigeria. Previous studies, such as Basri (2023), focused on total asset turnover and asset structure but did not address the industry-specific dynamics of the oil and gas sector. While Abebe (2022) and Wokeh (2022) explored asset-liability management and non-current assets, their research did not examine the impact on Tobin's Q, a key measure of firm value. Further, Banamtuan, Zuhroh, and Sihwahjoeni (2020) and Charlie and Akpan (2020) assessed asset management's effect on performance metrics like ROI but overlooked Tobin's Q in the context of Nigerian oil and gas firms. Studies by Purba and Bimantara (2020) and

Sarafa and Joshua (2020) investigated asset management effects on financial performance indicators, yet did not address its specific impact on Tobin's Q. Kadioglu and Ocal (2017) and Mwaniki and Omagwa (2017) also failed to explore this relationship within the oil and gas sector. Addressing this gap could provide crucial hints on how asset management strategies influence firm value in this critical industry. The main objective of this study is to examine the effect of asset management on the firm value of listed oil and gas firms in Nigeria. The specific objectives are to:

- ❖ Evaluate the effect of fixed asset turnover ratio on Tobin's Q of listed oil and gas firms in Nigeria.
- ❖ Determine the effects of total asset turnover ratio on Tobin's Q of listed oil and gas firms in Nigeria.

Conceptual Review

Asset Management

Asset management is a systematic approach to overseeing a company's assets with the aim of enhancing their value and optimizing their use while mitigating associated risks (Joseph, Isah & Abe, 2023). This process involves the strategic organization, monitoring, and administration of both physical and financial assets to ensure they contribute effectively to achieving the company's goals and maximizing returns on investment. At its core, asset management seeks to balance the cost of owning and maintaining assets against the benefits they deliver (Purba & Bimantara, 2020). Effective asset management encompasses a range of activities including inventory management, maintenance scheduling, and asset tracking. It requires the careful planning and execution of strategies for acquiring, utilizing, and disposing of assets in a manner that aligns with the organization's strategic objectives (Oghenekohwo, Anastesia & Moses, 2019). This practice involves managing both tangible assets, such as machinery, real estate, and infrastructure, and intangible assets like financial investments and intellectual property (Olaoye & Ayodele, 2019).

A key aspect of asset management is optimizing the return on assets while controlling costs and risks. For instance, investing in high-cost equipment may enhance operational efficiency, but organizations must also weigh the costs of maintenance and potential repairs throughout the equipment's lifecycle (Kadioglu & Ocal, 2017). Effective asset management thus requires a careful evaluation of whether the long-term benefits outweigh the associated expenses and risks. Risk management is another crucial element of asset management. This involves identifying and addressing potential risks related to asset ownership, such as equipment failures, accidents, and technological obsolescence. By implementing robust risk management strategies, organizations can reduce the likelihood and impact of such risks, thereby protecting their investments and ensuring continuous operational stability (Purba & Bimantara, 2020).

Fixed Asset Turnover Ratio

The fixed asset turnover ratio is a key financial metric that assesses how efficiently a company utilizes its fixed assets to generate revenue. Fixed assets, which include long-term investments such as

property, plant, and equipment, are not expected to be converted into cash within a year (Olaoye & Ayodele, 2019). This ratio helps evaluate how effectively these assets are leveraged to produce sales.

To calculate the fixed asset turnover ratio, the company's net sales over a specific period, usually a year, are divided by the average fixed assets held during that same period (Sunjoko & Arilyn, 2016). The resulting figure indicates the amount of revenue generated for each dollar of fixed assets. A high fixed asset turnover ratio suggests that the company is efficiently using its fixed assets to drive sales, reflecting an effective production process and robust asset management practices (Purba & Bimantara, 2020). It often implies that the company is making optimal use of its property, plant, and equipment, and has a solid strategy for generating revenue.

Investors and analysts frequently use the fixed asset turnover ratio to gauge a company's operational efficiency and financial health (Mawih, 2013). By comparing this ratio with those of other firms in the same industry, stakeholders can gain hints into a company's relative performance. Additionally, tracking changes in the ratio over time can provide valuable information about the effectiveness of the company's strategies and highlight areas where operational improvements may be needed (Sunjoko & Arilyn, 2016). Overall, the fixed asset turnover ratio is a critical measure for understanding how well a company is using its fixed assets to generate sales and revenue. It helps in assessing whether the company's investment in property, plant, and equipment is translating into effective sales performance and operational efficiency.

Total Asset Turnover Ratio

The total asset turnover ratio is a financial metric that assesses how effectively a company utilizes its assets to generate revenue. This ratio is calculated by dividing the company's net sales by its average total assets over a specific period, typically one year (Sunjoko & Arilyn, 2016). It serves as a measure of the efficiency with which a company converts its assets into sales. This ratio is essential for evaluating a company's operational performance because it compares the total revenue generated to the total assets employed in the business (Oghenekohwo, Anastesia & Moses, 2019). By analyzing this ratio, investors and analysts can gain hints into how well a company is managing its assets to produce revenue. A higher total asset turnover ratio indicates that the company is effectively leveraging its assets to generate substantial revenue, suggesting efficient resource management and potentially higher profitability (Kurniawan, 2021). This efficiency is indicative of a well-run company with effective asset utilization strategies.

Conversely, a lower total asset turnover ratio may signal inefficiencies in asset management. If a company is not generating enough revenue relative to its asset base, it could imply that the company is not utilizing its assets effectively. This could be due to factors such as excess inventory, underperforming assets, or suboptimal resource allocation (Olaoye & Ayodele, 2019). For investors, a low ratio might be a cause for concern as it may reflect potential operational issues or decreased profitability.

Firm Value

Market capitalization, one of the most commonly used measures, is calculated by multiplying the company's current share price by its total number of outstanding shares. This metric provides a snapshot of the company's market value as perceived by investors, reflecting how much they are willing to pay for a share of the company. Market capitalization is a straightforward measure but may not fully capture the company's financial health or growth prospects. Enterprise value offers a more comprehensive assessment by including not just the market capitalization but also net debt, which accounts for the company's outstanding debt and cash reserves. This metric provides a more holistic view of a company's total value, considering its capital structure and financial obligations. Enterprise value is often used in valuation multiples, such as the EV/EBITDA ratio, to assess a company's value relative to its earnings before interest, taxes, depreciation, and amortization.

Book value, on the other hand, represents the net asset value of a company, calculated as total assets minus total liabilities. While it provides a hint into the company's equity position, it may not fully reflect the market value, especially for companies with significant intangible assets or those in rapidly changing industries. Firm value is not static; it evolves with changes in the company's financial performance, market conditions, and investor perceptions (Shuaibu, Ali & Amin, 2019). Key factors influencing firm value include revenue growth, profitability, risk management, and operational efficiency. Additionally, external factors such as market trends, economic conditions, and industry dynamics play a role in shaping a company's value. By understanding firm value, stakeholders can make informed decisions about investments, corporate strategy, and financial management.

A Tobin's Q ratio greater than one indicates that the market value of the assets exceeds their replacement cost, suggesting that the firm's assets are valued highly by investors and that it may be advantageous to invest in or expand the business. Conversely, a Tobin's Q ratio less than one implies that the market value of the assets is lower than their replacement cost, which could signal undervaluation or a less attractive investment opportunity. In this case, it might be more prudent to delay or reconsider new investments. Tobin's Q is a valuable tool for assessing investment decisions and corporate strategy (El-Faitouri, 2014). It helps identify whether existing assets are being used efficiently and whether new investments will add value (Singh, Tabassum, Darwish & Batsakis, 2018). Companies with a high Tobin's Q are often seen as having strong growth prospects and competitive advantages, while those with a low Q may face challenges or require strategic adjustments. This ratio also provides hints into how market perceptions and asset valuation impact corporate investment decisions and overall firm value.

Empirical Review

Rachman, Karyatun and Digdowiseiso (2023) determined the effect of Total Asset Turnover (TATO) on Financial Performance of listed firms in Indonesia. This study was processed using the eviews 10 application. In this study, there were 79 population of Property and Real Estate companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The sample of this research used

purposive sampling method. The results of the regression analysis show that partially total Asset Turnover (TATO) has a positive and significant impact on the financial performance of property and real estate companies listed on the IDX in 2016-2020. Wokeh (2022) ascertained the impact of non-current assets on financial performance among listed deposit money banks in Nigeria. Using an ex-post facto design, the study covered all thirteen listed deposit money banks in Nigeria for 2022, employing a census approach. Data from the annual reports of these banks from 2017 to 2021 were analyzed using multiple regression and Stata12 software. The study showed a negative and insignificant relationship between property, plant, and equipment and return on assets, and a positive but insignificant relationship between these assets and return on equity. Banamtuan, Zuhroh and Sihwahjoeni (2020) determined the effect of Asset Management on stock prices through Return on Investments (ROI) in Indonesia. This research is an explanation using quantitative methods. The population of the study was 64 companies listed on the Indonesia Stock Exchange. The sampling technique used was purposive sampling with the results of 36 companies. The data used covered 2016-2018 financial statements. The analysis method applied was path analysis. The results of the study proved that Management of asset significantly influences ROI, Management asset significantly influences stock prices. Charlie and Akpan (2020) examined the influence of tangible and intangible assets ratio on the performance of deposit money banks (DMBs) in Nigeria. Secondary data, were collected from published financial statements of ten (10) sampled DMBs from 2000 to 2017. The ex-post facto research design was adopted, and Pooled multiple regression techniques was employed for the analysis and test of the hypotheses. Result revealed that the ratio of tangible to the intangible asset has a significant negative effect on ROA of DMBs in Nigeria. Cheptoo (2018) determined the effect of asset performance management on profitability of deposit taking Saccos in Nakuru County, Kenya. The study was guided by four variables; loan performance management, fixed assets management, financial investments management, and accounts receivables management. The study used explanatory research design, stratified proportional sampling and random sampling technique. Primary data was collected using structured questionnaires. Data was analyzed using descriptive statistics including, frequencies, mean and standard deviations and inferential statistics methods including correlation coefficient and with the assistance of SPSS as the tool of analysis. The research findings indicate there exist a significant positive relationship between loan performance, fixed assets management, financial investments management, accounts receivables management and profitability of deposits taking saccos in Nakuru Town. Kadioglu and Ocal (2017) investigated whether asset quality affects the bank's profitability in Turkey. The study applied a panel regression method to the quarterly data set including 1809 observation belongs to 55 Banks in Turkey during the period from 1st quarter of 2005 to 3rd quarter of 2016. It was found that lower asset quality leads to the lower return on equity and return on asset, and higher asset quality leads to the higher return on equity and return on asset. Oliver, Ugbor and Chukwuani (2017) ascertained the relationship between assets growth rate financial performance of manufacturing firms in Nigeria using six firms from the

Nigerian stock exchange and analyzed the firms for a period of ten years using Pearson product moment correlation matrix and multiple regressions. The findings showed that non-current asset growth rate and net asset growth rate of firms are positively and strongly related. It was recommended that manufacturing firms in Nigeria should increase their non-current assets and net assets value by increasing their total assets and reducing the components of their current liabilities. Martina (2015) examined the association between tangible assets and the capital structure of Croatian small and medium-sized enterprises. The study was conducted on a sample of 500 Croatian SMEs for the period between 2005 and 2010. The data used for the empirical analysis were taken from companies' annual reports. The results of the regression analysis found that tangible assets are differently correlated with short-term and long-term leverage. The relationship between tangible assets and short-term leverage was negative and statistically significant in all observed years. The relationship between tangible assets and long-term leverage was positive in all observed years and statistically significant. The results showed that small and medium-sized companies use their collateral to attract long-term debt, which means that small and medium-sized companies use lower costs and the interest rate of long-term debt in relation to short-term debt. Mawih (2013) investigated the effects of assets structure (fixed assets and current assets) on the financial performance of some manufacturing companies listed on Muscat Securities Market (MSM), for the period 2008-2012. The assets structure was measured by fixed assets turnover and current assets turnover while the financial performance was measured by ROA and ROE. The overall result of the study was that the structure of assets does not have a strong impact on profitability in terms of ROE. Another result of the study indicated that only the fixed assets had impact on ROE unlike ROA. Further, the result suggested that the effect of asset structure had an impact on ROE only in petro-chemical sector. It also concluded that there was no impact for current assets on ROE and ROA.

Methodology

The ex-post facto design was adopted in examining the effect of asset management on the firm value of listed oil and gas firms in Nigeria because it allows for the analysis of existing data to identify relationships between variables after events have occurred.

The study examines all publicly listed Oil and Gas firms on the Nigerian Exchange Group (NGX). As of December 31, 2023, there are nine Oil and Gas companies on the NSE.

The sample for this study was determined through purposive sampling, selecting five out of the nine available firms based on data accessibility. The annual reports and financial statements of these five oil and gas companies, covering the period from 2014 to 2023, were used for variable computation and analysis. The firms chosen for the study are; Total Energies PLC, Conoil PLC, Eterna PLC, Japaul Oil & Ventures PLC, MRS Oil Nigeria PLC.

Method of Data Collection

The data collection method for this study involved the use of annual reports from the selected oil and gas firms spanning the financial years from 2014 to 2023. This approach ensured that the data were

comprehensive and relevant for the analysis of asset management's impact on firm value. By relying solely on these reports, the study was able to obtain detailed and consistent financial information necessary for examining the relationships between asset management practices and firm value metrics.

Model Specification

The model tested in the study is shown below.

$$TOQ_{it} = \beta_0 + \beta_1 FITR_{it} + \beta_2 TOTR_{it} + \varepsilon_{it}$$

Where:

TOQ = Tobin's Q

FITR = Fixed Asset Turnover Ratio

TOTR = Total Asset Turnover Ratio

ε = Error term

β_0 = Regression intercept

β_{1-2} = Parameters

Method of Data Analysis

Data were gathered and input into E-View 10.0 software for the computation of both independent and dependent variables. The analysis was conducted using descriptive statistics and ordinary least squares (OLS) regression. The estimates obtained from the OLS regression served as the foundation and tool for hypothesis testing.

Decision Rule

The decision rule in this study provides the criteria for accepting or rejecting the null hypothesis. The criterion is based on a 5% level of significance, which means that if the p-value in the result is greater than 0.05, the null hypothesis will be accepted. In opposition, if the p-value is less than 0.05, the null hypothesis will be rejected and the alternative hypothesis will be accepted.

Data Analysis and Results

Table 1 Descriptive Analysis

	TOQ	FITR	TOTR
Mean	1.070704	17.83480	1.893302
Median	0.898076	9.053035	1.752859
Maximum	2.984020	128.9230	8.098671
Minimum	0.628096	0.011631	0.003187
Std. Dev.	0.440060	24.83891	1.457359
Skewness	2.227935	2.612736	1.591877
Kurtosis	9.233313	10.66700	8.048009
Jarque-Bera	122.3103	179.3510	74.20560
Probability	0.000000	0.000000	0.000000
Sum	53.53522	891.7401	94.66508
Sum Sq. Dev.	9.488996	30231.59	104.0709
Observations	50	50	50

Source: E-views 10.0 Analytical Result (2024)

The analysis of Tobin's Q (TOQ) indicates a mean value of 1.0707, suggesting that, on average, the market values of listed oil and gas firms in Nigeria exceed their asset values, reflecting positive investor sentiment. The maximum value of 2.9840 highlights instances where the market capitalization significantly outstrips the firm's asset base, potentially indicating high growth expectations or market confidence. Conversely, the minimum value of 0.6281 indicates some firms are valued below their asset values, possibly due to negative perceptions or performance issues. The standard deviation of 0.4401 reveals moderate variability around the mean, suggesting differences in firm valuations across the industry. The skewness of 2.2279 points to a rightward skew in the distribution, indicating that a few firms have very high market valuations. Lastly, the kurtosis of 9.2333 indicates a leptokurtic distribution, suggesting a higher likelihood of extreme values in the dataset, and the probability of the Jarque-Bera statistic at 0.0000 confirms that the TOQ data is significantly non-normally distributed.

For the Fixed Asset Turnover Ratio (FITR), the mean of 17.8348 indicates a strong capacity of the firms to generate revenue from their fixed assets, averaging about 17.83 units of revenue per unit of fixed assets. The maximum value of 128.9230 suggests that certain firms exhibit exceptional efficiency in utilizing their fixed assets to generate revenue, while the minimum of 0.0116 points to severe inefficiencies in some firms. The standard deviation of 24.8389 reflects considerable variability in how effectively different firms manage their fixed assets, indicating diverse operational practices across the sector. The skewness of 2.6127 indicates a significant rightward skew, suggesting that a few firms significantly outperform their peers in terms of fixed asset turnover. The kurtosis of 10.6670 indicates a distribution with heavier tails, suggesting a greater likelihood of extreme values than in a normal distribution. The Jarque-Bera test shows a probability of 0.0000, confirming that the FITR data is significantly non-normally distributed.

Lastly, the Total Asset Turnover Ratio (TOTR) presents a mean of 1.8933, indicating that, on average, the firms generate about 1.89 units of revenue for every unit of total assets, reflecting a relatively efficient use of total assets. The maximum value of 8.0987 highlights instances of particularly effective asset utilization; while the minimum value of 0.0032 shows that some firms struggle significantly to generate revenue from their assets. The standard deviation of 1.4574 indicates moderate variability in asset turnover performance across the firms. The skewness of 1.5919 suggests a rightward skew in the distribution, indicating that a few firms achieve high turnover ratios. The kurtosis of 8.0480 indicates a distribution that is peaked, suggesting a concentration of values around the mean with potential outliers. The Jarque-Bera probability of 0.0000 confirms that the TOTR data is significantly non-normally distributed, indicating that traditional parametric analyses may need to be approached with caution.

Test of Hypotheses

Table 2: Regression Result from OLS Model

Dependent Variable: TOQ

Method: Least Squares

Date: 09/23/24 Time: 04:29

Sample: 1 50

Included observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FITR	0.000762	0.003222	0.236589	0.8140
TOTR	-0.222383	0.229586	-0.968628	0.3378
C	1.237748	0.105330	11.75110	0.0000
R-squared	0.081266	Mean dependent var		1.070704
Adjusted R-squared	0.021348	S.D. dependent var		0.440060
S.E. of regression	0.435338	Akaike info criterion		1.251229
Sum squared resid	8.717867	Schwarz criterion		1.404190
Log likelihood	-27.28072	Hannan-Quinn criter.		1.309477
F-statistic	1.356293	Durbin-Watson stat		1.414739
Prob(F-statistic)	0.267952			

Source: Eviews 10.0 Analytical Result (2024)

The regression analysis presented in Table 4.3 examines the effect of asset management on the firm value of listed oil and gas firms in Nigeria, as measured by Tobin's Q (TOQ). The adjusted R-squared value of 0.0213 suggests that only about 2.13% of the variability in TOQ is explained by the independent variables in the model, indicating that the model may not adequately capture the factors influencing firm value. Additionally, the F-statistic probability of 0.2679 implies that the overall model is not statistically significant, suggesting that the included predictors do not collectively have a meaningful effect on the firm value measured by Tobin's Q.

Test of Hypothesis One

Ho: Fixed asset turnover ratio does not significantly affect the Tobin's Q of listed oil and gas firms in Nigeria.

The Fixed Asset Turnover Ratio (FITR) presents a coefficient of 0.000762 and a p-value of 0.8140, revealing a positive and again statistically insignificant effect on Tobin's Q. This result implies that an

increase in the fixed asset turnover ratio contributes a marginal increase of 0.000762 to Tobin's Q, but with a p-value far exceeding 0.05, the effect is not statistically significant. Consequently, we also accept the null hypothesis for FITR, indicating that the efficiency in utilizing fixed assets does not significantly influence the firm value in the oil and gas sector. Thus, Fixed Asset Turnover Ratio has a positive but non-significant effect on Tobin's Q of listed oil and gas firms in Nigeria (Beta: 0.000762, $p = 0.8140$).

Test of Hypothesis Two

HO₂: Total asset turnover ratio does not significantly affect the Tobin's Q of listed oil and gas firms in Nigeria.

Lastly, the Total Asset Turnover Ratio (TOTR) has a coefficient of -0.222383 with a p-value of 0.3378, suggesting a negative relationship with Tobin's Q, though this too is statistically insignificant. This coefficient indicates that a one-unit increase in total asset turnover could lead to a decrease in Tobin's Q by approximately 0.2224, yet with a p-value greater than 0.05, we cannot reject the null hypothesis. Thus, this result implies that the overall effectiveness in utilizing total assets does not significantly affect the firm value, further reinforcing the notion that asset management practices in this context may not be aligned with enhancing market valuation. Thus, Total Asset Turnover Ratio has a negative but nonsignificant effect on Tobin's Q of listed oil and gas firms in Nigeria (Beta: -0.222383, $p = 0.3378$).

Conclusion and Recommendations

Conclusion

Firms that manage their assets in a manner that maximizes efficiency are able to minimize costs, and optimize production, thereby enhancing overall firm value. Asset management practices when strategically aligned with the firm's long-term goals ensures that assets are well-maintained, reliable, and capable of delivering consistent performance over time. Additionally, firms would proactively manage risks associated with asset failures, regulatory compliance, and environmental impacts, thereby protecting their investments and maintaining a strong reputation among stakeholders. The findings of the study suggests that an increase in the current asset turnover ratio is associated with a higher Tobin's Q, indicating that firms are able to generate more revenue from their current assets. This could be reflective of efficient management practices and operational agility in utilizing short-term assets to drive sales. Also, firms generating revenue effectively from their fixed assets can contribute to their overall market value. In the capital-intensive oil and gas industry, where significant investments in infrastructure and equipment are necessary, effective utilization of fixed assets can signal operational efficiency.

Finally, while some firms achieve high total asset turnover, they might do so at the expense of profit margins, leading to lower market valuations. In the oil and gas sector, a high turnover could be misleading if it does not translate into profitability or if it is indicative of aggressive revenue generation tactics that compromise asset quality. Such dynamics might cause investors to reassess the

sustainability of growth generated from asset turnover alone, focusing instead on overall financial health and long-term viability. The negative coefficient prompts consideration of broader strategic factors and operational effectiveness beyond asset management practices. In conclusion, effective asset utilization must be complemented by robust profitability and strategic positioning to drive investor confidence and enhance market valuation.

Recommendations

- The boards of directors of listed oil and gas firms should prioritize investments in training and development for operational staff to ensure optimal utilization of fixed assets. This training can enhance asset productivity and support sustainable growth in firm value.
- Investors and financial analysts should consider a more comprehensive evaluation framework that includes not only total asset turnover but also profitability margins and long-term strategic positioning. This holistic approach can lead to more accurate assessments of firm value in the oil and gas sector.

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