CORPORATE GOVERNANCE QUALITY AND FIRMS VALUATION: EVIDENCE FROM CONSUMERS GOOD SECTOR IN NIGERIA

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ABSTRACT

This study investigates the relationship between corporate governance quality and firm valuation within the Nigerian consumer goods sector, focusing on governance attributes such as board independence, gender diversity, and experience. Using a 12-year dataset from 2012 to 2023, the study adopts a quantitative approach, employing random effects regression models to examine the impact of corporate governance on firm valuation, measured by Tobin's Q. The findings reveal a significant negative relationship between board independence and firm value, suggesting that increased independence may constrain strategic decision-making in the Nigerian context. Board gender diversity and experience show no statistically significant effect on firm valuation, while firm size negatively impacts valuation due to operational inefficiencies. In contrast, return on assets demonstrates a strong positive relationship with firm value, highlighting profitability as a critical driver of market valuation. The study concludes that traditional corporate governance practices may need to be tailored to the unique regulatory and market dynamics of Nigeria. Recommendations include adopting a balanced approach to board composition, enhancing female participation in leadership roles, and promoting governance frameworks aligned with local market realities to foster sustainable growth and investor confidence.

Keywords: Corporate Governance, Firm Valuation, Board Independence, Consumer Goods Sector and Profitability.

INTRODUCTION

Corporate governance has become more relevant in contemporary times as companies grow and expand both in developed and emerging economies. The concept of corporate governance has gained significant attention in recent years, particularly as businesses navigate complex regulatory environments and strive to enhance transparency and accountability (Jensen & Meckling, 1976; García-Sánchez et al., 2020). As companies expand, they use local raw materials, employ local workforce, sell to the community, and pay taxes, and so forth, which supposedly benefit the community. As firms expand their operations, they utilize local resources, create jobs, and contribute to economic growth, which benefits society at large. However, poor governance practices, as evidenced by corporate scandals like those seen in Enron and Cadbury Nigeria, highlight the critical role governance plays in preventing firm failures and preserving investor confidence (Mallin, 2016; Khan et al., 2020).

Corporate governance refers to the system of rules, practices, processes, and structures by which corporations are directed and controlled. It encompasses the mechanisms and relationships through which the objectives of a corporation are set and the means of attaining those objectives and monitoring performance are determined. The primary goals of corporate governance are to ensure accountability, transparency, fairness, and the protection of shareholders' interests while promoting the long-term sustainability and success of the organization (Freeman, 1984; Li et al., 2018). The interplay between corporate governance quality and firm valuation is particularly significant in emerging markets like Nigeria, where regulatory challenges and market volatility persist (Saeed et al., 2021). Despite regulatory efforts, such as the Nigerian Code of Corporate Governance (NCCG) and guidelines from the Securities and Exchange Commission (SEC), issues like corruption, weak enforcement, and limited board oversight remain prevalent (Christensen et al., 2021). These issues can adversely impact firms' market valuations, leading to lower investor confidence and reduced economic growth (Khan et al., 2020).

Despite regulatory efforts, challenges such as corruption, inadequate enforcement of laws, and a lack of transparency persist in Nigeria's corporate governance landscape. Effective corporate governance is crucial for maintaining investor confidence, reducing the risk of corporate scandals, and ensuring sustainable economic growth. The objectives of this study is to evaluate the effectiveness of corporate governance practices in Nigerian firms and analyze the relationship between corporate governance quality and firm valuation using financial data from Nigerian companies.

Recent studies underscore the importance of governance mechanisms in enhancing firm value, yet the Nigerian context remains underexplored. For instance, Wasiuzzaman and Mohammad (2020) emphasize that board composition, including gender diversity and independence, can significantly influence firm transparency and reputation. However, the extent to which these governance attributes affect valuation in Nigeria's consumer goods sector is unclear. This study investigates how corporate governance quality—measured through variables like board independence, gender diversity, and experience—affects firm valuation, contributing to the ongoing discourse on governance effectiveness in emerging markets.

STATEMENT OF THE PROBLEM

Corporate governance is widely recognized as a critical determinant of firm performance and sustainability. However, in Nigeria, the relationship between corporate governance quality and firm valuation remains underexplored, particularly in the consumer goods sector. Many firms face persistent challenges such as inadequate board oversight, limited transparency, and insufficient stakeholder engagement, which can undermine their market valuation and overall competitiveness (Saeed et al., 2021; Wasiuzzaman & Mohammad, 2020). Furthermore, inconsistent enforcement of corporate governance regulations compounds these issues, raising concerns about the efficacy of governance frameworks in the Nigerian context.

Existing research on corporate governance largely focuses on developed economies, where regulatory environments, market structures, and cultural dynamics differ significantly from those in Nigeria. For instance, studies like Kyere and Ausloos (2021) highlight the positive impact of board independence on firm performance in developed markets, yet evidence from emerging economies, including Nigeria, remains sparse and often inconclusive. The unique characteristics of Nigeria's corporate environment—such as the dominance of family-owned businesses, political interference, and a reliance on informal business practices—

pose additional complexities that are not adequately addressed in the existing literature (Liang et al., 2020; García-Sánchez et al., 2020).

Moreover, while Nigerian firms have adopted various corporate governance codes, such as the Nigerian Code of Corporate Governance (NCCG), these frameworks are often undermined by systemic issues like corruption and regulatory inefficiencies. As a result, the potential for good governance to enhance firm valuation remains underutilized, which could deter both domestic and foreign investment. The consumer goods sector, a vital contributor to Nigeria's economy, is particularly affected by these challenges. Firms in this sector play a critical role in job creation, supply chain integration, and local economic development, making their valuation a matter of both corporate and national importance. Yet, empirical evidence linking governance practices to valuation in this sector is limited. While some studies suggest that governance mechanisms like board diversity and experience can enhance firm value, others indicate that these effects are context-dependent and may not hold in markets like Nigeria's, characterized by volatility and weak institutional frameworks (Miniaoui et al., 2022; Rajesh, 2020).

While the existing literature provides valuable insights into the relationship between corporate governance and firm valuation, significant gaps remain. Most studies focus on developed markets, leaving emerging economies like Nigeria underrepresented. Additionally, the role of contextual factors, such as cultural dynamics and regulatory environments, is often overlooked. This gap in empirical research hampers the ability of stakeholders, including investors, policymakers, and corporate managers, to make informed decisions about governance strategies that drive firm value. Understanding how governance attributes, such as board independence, gender diversity, and experience, influence valuation in Nigeria’s consumer goods sector is crucial for designing targeted reforms that foster sustainable growth and investor confidence. This study aims to address these gaps by providing a comprehensive analysis of the relationship between corporate governance quality and firm valuation, thereby contributing to the broader discourse on governance effectiveness in emerging markets.

LITERATURE REVIEW

Corporate governance quality plays a pivotal role in determining firm valuation and performance. The relationship between governance mechanisms and firm value has been extensively studied, yet the results remain mixed, particularly in emerging markets like Nigeria. This review synthesizes recent empirical evidence, highlighting the key findings, methodological approaches, and theoretical underpinnings that shape the discourse.

Kyere and Ausloos (2021) examine how corporate governance, particularly board independence, influences firm financial performance in the UK. The authors highlight the critical role that independent directors play in reducing agency costs and enhancing accountability. Quantitative analysis using data from UK firms with financial metrics as dependent variables and governance factors as independent variables. A positive relationship between board independence and firm performance was observed, indicating that independent directors can contribute positively to strategic decision-making. The study is specific to a developed market, which may limit its applicability to emerging markets where governance challenges differ. Liang et al. (2020) discusses the impact of board independence on firm flexibility and adaptability in decision-making, particularly in volatile markets. Comparative analysis across various market environments, focusing on firms with different levels of board independence. The study finds out that in a highly dynamic or uncertain markets, excessive independence can constrain flexibility and limit firm value. The study emphasizes the potential drawbacks of board independence but does not suggest specific governance strategies to mitigate these effects. Recent research by Pagkalou et al. (2024) in Greece reinforces the context-dependence of board independence, showing that its effectiveness varies significantly across sectors and regulatory environments. These studies suggest that while independence is generally beneficial, its impact is shaped by contextual factors such as market stability and enforcement mechanisms.

Wasiuzzaman & Mohammad (2020) explores board gender diversity and its impact on firm transparency and performance, particularly through environmental, social, and governance (ESG) disclosures in Malaysia. Empirical study using data on Malaysian firms' board composition and ESG disclosures. Gender diversity improves decision-making and enhances transparency but does not directly correlate with higher firm value. The study focuses heavily on ESG as a mediator, which may limit direct insights into the value effects of diversity alone. Pucheta-Martínez & Gallego-Álvarez (2020) examines how board characteristics, including size and gender diversity, impact firm performance globally. They explore diverse geographic contexts and varying impacts of these characteristics. Meta-analysis of studies on corporate governance characteristics and their impact on firm value. The study results are mixed, with gender diversity and board size impacting performance differently across markets. As a meta-analysis, the study synthesizes broad data but lacks specific findings tied to individual contexts or regulatory environments. More recently, Miniaoui et al. (2022) show that gender diversity positively influences corporate social responsibility (CSR) but does not necessarily translate to higher valuation, particularly in volatile European markets. In Nigeria, where cultural and structural barriers persist, the relationship between diversity and valuation remains underexplored, warranting further investigation.

Christensen et al. (2021) study focuses on mandatory corporate social responsibility (CSR) reporting, arguing that mandatory CSR enhances firm transparency and long-term performance. With the objective to evaluate the impact of CSR reporting requirements on firm valuation and market performance, the study adopted quantitative analysis using data on firms affected by CSR reporting mandates. It discovers positive relationship between mandatory CSR reporting and firm value, as increased transparency builds investor confidence. The study's findings on CSR may not be directly transferable to all markets, especially where CSR is voluntary and governance structures differ. Miniaoui et al. (2022) examines the role of board experience and diversity in improving corporate social responsibility and firm valuation across European markets. Empirical analysis using European firms' board composition data and CSR ratings was adopted. The findings showed that diversity and experience enhance CSR but don't always lead to higher firm valuation, especially in volatile markets. The study's context in developed European markets limits direct comparison with emerging markets. Previtali and Cerchiello (2023) in Italy add that experienced boards may sometimes struggle in dynamic environments if their expertise is not aligned with the firm's strategic needs. These findings underscore the need for context-specific analyses, particularly in markets like Nigeria, where regulatory and economic volatility can influence the effectiveness of board experience.

Rajesh (2020) explores how environmental, social, and governance (ESG) scores impact firm valuation. The study analyses sustainability scores (ESG) and their impact on firm valuation across industries, emphasizing profitability as a core factor influencing value. It applies quantitative study across multiple industries, examining the correlation between profitability and valuation. The results showed that pprofitability consistently drives firm value across markets, with sustainability factors enhancing reputation but having variable effects on valuation. Li et al. (2018) analyses the effect of ESG disclosure and CEO power on firm valuation. The study explores the role of CEO power in mediating the impact of environmental, social, and governance (ESG) disclosures on firm value, suggesting that strong governance mitigates risks. It adopted empirical study on ESG disclosures and firm valuation, with CEO power as a moderating variable. The outcome shows that a strong ESG disclosures positively affect firm value, especially when CEO power is balanced with board oversight. Saeed et al. (2021) analyses how corporate governance practices impact firm performance in different regulatory and economic contexts. It focuses on the relationship between corporate governance and firm performance across different countries, highlighting variations in governance effectiveness. It adopted cross-country analysis of corporate governance factors and firm performance. Governance practices significantly impact firm value, though effects vary by region and regulatory environment. Recent studies by Pagkalou et al. (2024) and Ben-Fatma and Chouaibi (2021) confirm these findings, noting that profitability consistently drives valuation across diverse markets.

Emerging markets present unique challenges and opportunities for corporate governance. Saeed et al. (2021) conducts a cross-country analysis, showing that governance practices significantly impact firm value but vary in effectiveness based on regional and regulatory contexts. Pagkalou et al. (2024) emphasize the importance of tailoring governance reforms to local conditions, particularly in markets with weak enforcement and high economic volatility. In Nigeria, studies like those of Khan et al. (2020) and Olutimehin et al. (2024) highlight persistent challenges such as corruption, regulatory inconsistency, and limited board engagement, which can undermine governance effectiveness. These findings suggest that a one-size-fits-all approach to governance may not be suitable for emerging markets, necessitating context-specific frameworks.

THEORETICAL PERSPECTIVES

In order to explain the link between a firm's value and corporate governance quality the following theoretical perspective were explained.

Agency Theory

The agency theory of Jensen and Meckling (1976) clarifies the principal-agent interplay that occurs inside organizations. According to this idea, conflicts of interest arise between principals, or shareholders, and agents, or management, as a result of information asymmetry and divergent goals. This theory suggests that good corporate governance reduces agency costs by aligning the interests of management and shareholders, leading to better firm performance and higher valuation. Effective corporate governance mechanisms, such as independent boards and performance-based incentives, are designed to align the interests of managers with those of shareholders, thereby reducing agency costs. Improved alignment typically leads to better decision-making, increased efficiency, and higher firm valuation.

Stakeholder Theory

Freeman's stakeholder theory states that businesses have to manage conflicting interests and their obligations to various stakeholders. According to stakeholder theory, a company's ability to satisfy the interests of several stakeholders, such as shareholders, personnel, and the general public, may have an impact on decisions about dividend policy. This theory proposes that good governance practices consider the interests of all stakeholders, which can enhance a firm's reputation and value. Stakeholder Theory expands the focus beyond shareholders to include all stakeholders, such as employees, customers, suppliers, and the community. It argues that companies should create value for all stakeholders, not just shareholders. Good corporate governance practices that consider the interests of all stakeholders can enhance a company's reputation, lead to better stakeholder relationships, and result in sustainable long-term performance. This broader approach can positively impact firm valuation by reducing risks and fostering a more stable and supportive business environment.

Resource Dependency Theory

This theory emphasizes the importance of external resources for organizational success. It suggests that companies must establish relationships with external entities to secure essential resources. Corporate governance structures, such as having a diverse and well-connected board of directors, can help a firm access critical resource and navigate external challenges. Effective governance in this context can lead to better resource acquisition and utilization, positively influencing firm valuation.

Signaling Theory

Signaling Theory posits that companies send signals to the market through their actions and disclosures. These signals can convey information about the firm's quality, performance, and prospects. High-quality corporate governance can serve as a positive signal to investors, indicating that the company is well-managed and committed to transparency and accountability. This can enhance investor confidence, reduce perceived risks, and lead to a higher firm valuation.

METHODOLOGY

This study's goal is to use a quantitative and descriptive research technique to investigate the linkage between corporate governance quality and firm’s value in the Nigerian consumer goods industry. The study employed secondary data sourced from publicly accessible sources, such as annual reports, financial statements, and corporate governance reports of consumer products firms listed on the Nigerian Exchange Group (NGX). The analysis's robustness is ensured by the data's twelve-year coverage (2012–2023). Firm’s value proxy with Tobin Q is the dependent variable, while board independence, board gender diversity, board experience are the independent variables. Firms size and return on assets, measuring profitability are the control variables. Board Size (BS) is the total number of directors on board (Chairman, executive directors, non-executive directors, as well as independent directors); Board Independence (BI) is the ratio of non-executive directors (including the independent directors to the total number of board members; Board Gender Diversity (BGD) is the ratio of female board members to the total number of board members; Board Financial Expertise (BEXP) is the ratio of board members with professional financial knowledge to the total number of board members; Firm Value (FV) measured as Tobin’s Q is the total market value of a firm (Debt and Equity divided by total asset value; Firm's Size (FZ) is the natural log of total assets and Return on Assets is measured as profit before interest and tax divided by total assets.

The following is the model specification for the analysis.

$$FVit = \beta0+\beta1BIit + \beta2BGDit+ \beta3BSit+ \beta4BEXPit +\beta5FZit +\beta6ROAit + \varepsilon it \ldots\ldots\ldots\ldots\ (1)$$

Where:

FV represents Firm's value of individual firm at period t
BI represents Board Independence
BGD represents Board Gender Diversity
BS represents Board Size
BEXP represents Board Experience
FZ represents Firm's Size
ROA represents Return on Assets

Results

Table 1: Descriptive Statistics							
	BGD	BEXP	BI	BS	FZ	ROA	TOBIN
Mean	0.210	0.417	0.718	10.273	7.212	0.054	2.183
Median	0.200	0.400	0.710	10.000	7.837	0.045	1.442
Maximum	0.400	0.670	0.930	15.000	8.902	0.265	9.415
Minimum	0.000	0.200	0.500	7.000	0.420	-0.301	0.611
Std. Dev.	0.107	0.121	0.119	2.445	2.205	0.080	1.873
Skewness	-0.143	0.002	-0.166	0.377	-2.467	-0.457	2.040
Kurtosis	2.305	2.144	2.305	2.107	7.512	6.307	6.925
Jarque-Bera	2.590	3.361	2.716	6.260	204.930	53.937	146.927
Probability	0.274	0.186	0.257	0.044	0.000	0.000	0.000
Sum	23.140	45.840	78.960	1130.000	793.354	5.976	240.178
Sum Sq. Dev.	1.238	1.586	1.532	651.818	529.807	0.696	382.480
Observations	110	110	110	110	110	110	110
Source: Researcher's Computation, 2024							

Table 1 provides the descriptive statistics for the variables. Board Gender Diversity (BGD) averages at 21%, with values ranging from 0% to 40%. This low standard deviation (0.107) indicates minimal variability, suggesting most firms have limited female representation on their boards. The distribution is nearly normal, with slight left skewness and kurtosis close to 3, indicating balanced gender diversity levels across firms. Board Experience (BEXP) averages at 41.7%, with a moderate variability (SD = 0.121) and a symmetric, near-normal distribution (skewness = 0.002, kurtosis = 2.144). This suggests that around 40-42% of board members possess financial expertise, with limited extreme deviations across firms. Board Independence (BI) shows an average of 71.8%, indicating that most board members across firms are independent. The variability here is moderate (SD = 0.119), and the distribution is slightly left-skewed. These results imply a fairly high, consistent level of independence within boards, although the range (0.5 to 0.93) shows notable diversity in how firms structure board independence. Board Size (BS) has a mean of 10.3 members, with values spanning from 7 to 15 members, reflecting a wide range of board sizes across firms. The higher standard deviation (2.445) confirms this diversity, while a mild positive skewness (0.377) and kurtosis slightly below normal suggest some boards are larger, but most cluster around the mean. Firm Size (FZ) measured as the natural logarithm of total assets, averages at 7.212, with substantial variability (SD = 2.205). The distribution is highly left-skewed (-2.467) with elevated kurtosis (7.512), indicating a leptokurtic distribution with several very small firms and a few extremely large ones, deviating significantly from normality.

Return on Assets (ROA) a measure of profitability, averages 5.4%, with a range from -30.1% to 26.5%, indicating some firms experience negative returns, while others yield relatively high profits. With a standard deviation of 0.080, ROA shows moderate variability. The distribution is slightly left-skewed and leptokurtic (kurtosis = 6.307), implying a few firms have exceptionally low or high returns. Tobin's Q (TOBIN), a proxy for firm valuation, has a mean of 2.183, indicating that firms, on average, are valued over twice their book value, suggesting high market confidence. The wide range (0.611 to 9.415) and high standard deviation (1.873) highlight significant variability in market valuations. A positive skewness (2.040) and high kurtosis (6.925) show that while most firms hover around the median (1.442), a few have exceptionally high valuations.

Table 2: Correlation Matrix of Variables

	BGV	BEX	BI	BS	FZ	ROA	TOBIN
BGD	1.000						
BEX	0.281	1.000					
BI	-0.105	0.420	1.000				
BS	-0.345	0.115	0.306	1.000			
FZ	0.064	0.313	0.163	0.520	1.000		
ROA	-0.058	-0.275	-0.070	-0.111	-0.427	1.000	
TOBIN	-0.063	-0.208	-0.214	-0.298	-0.714	0.608	1.000

Source: Researcher's Computation, 2024

The threat of multicollinearity in the model is examined through the correlation matrix coefficients and the results are presented in Table 2. The results indicate that the estimated model does not suggest the presence of multicollinearity. The pair with the highest coefficient is between return on assets (ROA) and firms' value (TOBIN) which produces 0.608 (60.8%)

Table 3: Hausman test

Test Summary	Chi Sq. Statistics	Chi Square d.f	Probability
Cross Section Random	6.756897	3	0.3434

Table 3 displayed the Hausman test result. The test is used to confirm the appropriateness of the use of fixed or random effect in panel data. The Hausman test (p = 0.3434) suggests that the Random Effects (RE) model is preferred since the difference in coefficients is not systematic (the RE assumptions hold). Therefore, RE results should be interpreted.

Table 4: Breusch- Pagan Lagrange Multiplier test

Test Summary	Chi Sq. Statistic	Chi-Squar	Probability

	s	e D. F	
Cross Section Random	46.3356	3	0.0000

Table 4 displays the result of the Breusch and Pagan Lagrange Multiplier test. The test confirms the appropriateness of using random effects and pooled OLS. This test (0.0000) indicates significant random effects, affirming that the RE model is preferable over pooled OLS.

Table 5: Corporate governance variables and Firms value relationship

Dependent Variable: Tobin's Q

VARIABLES	COEFFICIENT	STANDARD ERROR	T-statist.	Prob.
BI	-4.1463	1.6258	-2.5500	0.0110
BGD	-1.4709	-1.471	-1.080	0.2810
BS	-0.0002	0.0703	0.000	0.9970
BEXP	-0.7822	1.5701	-0.500	0.6180
FZ	-0.3719	0.1542	-2.410	0.0160
ROA	9.1133	1.37585	6.620	0.0000
CONS	7.9854	1.694956	4.710	0.0000
R squared	0.5859			
Adj. R squared	0.4448			
F -statistics	8.2700			
Probability	0.0000			
Rho	0.5562			

Source: Author's Computation, 2024

In Table 5, the results of the random effect analysis are depicted. The overall R -R-squared value of 0.5839 shows that the model explains about 58.39% of the variation in Tobin's Q. The model significance Wald test value of 90.51 and a corresponding p-value of 0.0000 shows that the overall model is statistically significant meaning that the independent variables collectively have a significant relationship with Tobin's Q. BI (Board Independence) coefficient = -4.146337, p = 0.0110. Board independence has a significant negative effect on Tobin's Q, suggesting that increased independence may reduce firm value in this context. BGD (Board Gender Diversity) coefficient = -1.470995, p = 0.281. Although not statistically significant, the negative coefficient suggests that board diversity might be associated with a reduction in firm value, though this effect is not strong. BS (Board Size) coefficient = -0.0002633, p = 0.997. Board size has no significant effect on firm value here. BEX (Board Experience) coefficient = -0.7822349, p = 0.618. The non-significant effect suggests that board experience does not significantly affect Tobin's Q. FZ (Firm Size) coefficient = -0.3719417, p = 0.016. Firm size negatively affects Tobin's Q, which is statistically significant. ROA (Return on Assets) coefficient = 9.113336, p = 0.000. Return on assets strongly affects Tobin's Q, indicating that firms with higher profitability tend to have higher market values. This aligns with the broader literature, where profitability is commonly associated with firm value (Rajesh, 2020). Rho = 0.5562, indicates that 55.62% of the total variance in Tobin's Q is due to differences across firms rather than within firms. This substantial fraction justifies the use of random effects to account for firm-specific unobserved factors.

DISCUSSION OF FINDINGS

The results of this study provide a nuanced understanding of how corporate governance quality influences firm valuation in Nigeria's consumer goods sector. These findings are compared and contextualized with existing empirical literature to highlight the complexities and peculiarities of emerging markets like Nigeria. This study found a significant negative relationship between board independence and firm valuation. This contrasts with the findings of Kyere and Ausloos (2021), who demonstrated that independent directors enhance firm performance by reducing agency costs and improving accountability in the UK. Their study, however, is specific to a developed market with robust regulatory enforcement and stable economic conditions. In Nigeria, where regulatory inconsistencies and weak enforcement persist, independent directors may lack the contextual knowledge necessary to provide strategic oversight, as Liang et al. (2020) suggested. They note that in dynamic or uncertain markets, excessive independence can limit a firm's adaptability and flexibility, potentially hindering performance. Pagkalou et al. (2024) further emphasize the context-dependence of board independence, showing that its effectiveness varies significantly across sectors and regulatory environments. Resource Dependency Theory supports these observations, suggesting that independent boards in Nigeria may fail to leverage the local resources and networks critical for navigating its volatile economic environment. This indicates the need for a balanced approach to board composition that combines independence with local expertise. The study's finding of a negative but statistically insignificant relationship between board gender diversity and firm valuation aligns with the mixed evidence in the literature. Wasiuzzaman and Mohammad (2020) highlight that gender diversity enhances transparency and decision-making but does not directly correlate with higher firm valuation, particularly when ESG factors mediate the relationship. Similarly, Pucheta-Martínez and Gallego-Álvarez (2020) find that gender diversity's impact on performance varies across markets, often depending on cultural and regulatory contexts. In emerging markets like Nigeria, Miniaoui et al. (2022) argue that structural barriers and cultural biases can dilute the potential benefits of diversity. Stakeholder Theory provides a broader perspective, suggesting that while gender diversity may not directly impact valuation, it fosters inclusivity and strengthens stakeholder relationships, contributing to long-term sustainability. Firms in Nigeria could benefit from policies that promote female participation in leadership while addressing systemic barriers that limit diversity's effectiveness. Board experience showed no statistically significant relationship with firm valuation, a finding that contrasts with Christensen et al. (2021), who report that experienced boards enhance transparency and long-term performance. However, the results align with Previtali and Cerchiello (2023), who observe that board experience may not always lead to higher valuation in dynamic environments if expertise is not aligned with strategic needs. Miniaoui et al. (2022) emphasize that experience alone is insufficient; it must be coupled with adaptability to volatile market conditions. Resource Dependency Theory underscores this point, suggesting that experienced boards must effectively leverage external resources and networks to address the unique challenges of Nigeria's regulatory and economic landscape. This calls for governance strategies that combine experience with contextual awareness and strategic agility. The significant negative relationship between firm size and valuation suggests that larger firms in Nigeria's consumer goods sector may face inefficiencies, such as bureaucratic delays and reduced flexibility. This aligns with Rajesh (2020), who found that larger firms often experience diseconomies of scale in emerging markets, where structural inefficiencies are prevalent. From an Agency Theory perspective, larger firms may also incur higher agency costs due to the complexities of monitoring and managing extensive operations. Smaller firms, on the other hand, may benefit from agility and innovation, which resonate with signalling Theory. In Nigeria's context, the market may perceive smaller firms as more adaptive to changes, thereby rewarding them with higher valuations. The strong positive relationship between profitability (ROA) and firm valuation supports existing literature, including studies by Li et al. (2018) and Rajesh (2020). Profitability serves as a key indicator of operational efficiency and market confidence, aligning with signalling Theory. High profitability signals effective management and robust financial health, which boost investor confidence and market valuation. Pagkalou et al. (2024) and Ben-Fatma and Chouaibi (2021) corroborate that profitability consistently drives firm value across diverse markets, emphasizing its importance as a governance and performance metric. This finding underscores the critical role of financial performance in enhancing valuation, particularly in emerging markets where profitability often offsets other structural weaknesse.

CONCLUSIONS

The study found a significant negative relationship between board independence and firm value, suggesting that increased independence may not necessarily enhance firm valuation in the Nigerian consumer goods sector. This outcome may reflect specific contextual or regulatory factors that make fully independent boards less impactful or even constraining in this environment. Although board gender diversity showed a negative relationship with firm value, this effect was statistically insignificant. This suggests that diversity alone may not drive firm valuation, though it remains a component of inclusive governance practices. The study indicated that board experience had no statistically significant impact on firm valuation. While experienced board members are generally expected to provide value through strategic insight and effective oversight, this may not directly translate into increased firm value, possibly due to the unique challenges and dynamics within the Nigerian market. Firm size exhibited a negative impact on firm valuation, suggesting that larger firms in this sector may face inefficiencies that affect their value. Meanwhile, ROA demonstrated a strong positive effect on firm value, aligning with global findings that higher profitability is commonly associated with higher market valuation. The model used explained a substantial portion of the variation in firm valuation, highlighting that governance factors, though nuanced, play a role in determining firm value in the Nigerian consumer goods sector. Given the negative impact of board independence on firm valuation, it is recommended that companies pursue a balanced approach to board composition. Rather than emphasizing high levels of independence, companies could focus on forming boards that are well-informed about the local business landscape and responsive to the sector's regulatory challenges. While gender diversity did not show a significant positive effect on valuation, firms should continue to promote inclusive boards to enhance diverse perspectives and foster innovation. Future research could explore ways to strengthen the positive impact of gender diversity on firm value. Policymakers could strengthen corporate governance frameworks tailored to the needs of the Nigerian market, promoting best practices that align with local economic and cultural conditions. A more supportive regulatory environment could enhance governance effectiveness, which in turn may positively impact firm valuation.

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