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CORPORATE GOVERNANCE PRACTICES AND FIRM VALUE : LESSION FROM SELECTED FOOD AND BEVERAGE MANUFACTURING INDUSTRIES IN NIGERIA.

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ABSTRACT

Corporate governance has become one of the most significant determinants of organizational performance and firm value in today's dynamic business environment. Despite continuous improvements in corporate governance regulations in Nigeria, evidence suggests that many listed firms continue to experience governance-related challenges that adversely affect their market value and long-term sustainability. Therefore, this study examined the effects of corporate governance practices on the firm value of listed food and beverage manufacturing firms in Nigeria. An ex post facto research design was adopted, utilizing secondary data obtained from the annual reports and financial statements of seven (7) listed food and beverage manufacturing firms in Nigeria over a ten-year period (2016–2025). Data were analyzed using Principal Component Analysis (PCA), Pearson Correlation Analysis, and Ordinary Least Squares (OLS) regression analysis. The Principal Component Analysis revealed that the first two principal components explained 54.07% of the total variation in the corporate governance variables, indicating that the selected governance mechanisms adequately represented corporate governance practices among the sampled firms. The correlation analysis showed no evidence of serious multicollinearity among the explanatory variables. The regression results indicated that board size had a positive and statistically significant effect on firm value ($\beta = 0.202637$, $p < 0.05$), suggesting that larger boards contribute significantly to improved firm value through enhanced monitoring and strategic decision-making. Conversely, board independence, board gender diversity, CEO duality, and audit committee independence exhibited statistically insignificant effects on firm value during the study period. The study recommends that firms should maintain an optimal board size comprising individuals with diverse professional expertise, strengthen the effectiveness of independent directors and audit committees, promote merit-based board diversity, and ensure strict compliance with corporate governance codes issued by regulatory authorities.

Keywords: *Corporate Governance, Firm Value, Board Gender Diversity, Audit Committee Independence, Food and Beverage Manufacturing Firms, Nigeria.*

1.0 Introduction

Corporate governance has become one of the most significant determinants of organizational performance and firm value in today's dynamic business environment. It refers to the system of rules, practices, structures, and processes through which organizations are directed and controlled to ensure accountability, transparency, fairness, and effective management of corporate resources. Effective corporate governance minimizes agency conflicts between managers and shareholders, strengthens investor confidence, enhances strategic decision-making, and promotes long-term value creation. According to Organisation for Economic Co-operation and Development (2023), sound corporate governance provides the institutional framework for improving corporate accountability and protecting shareholders' interests, while Ozili (2021) argued that weak governance remains one of the major causes of corporate failures among Nigerian firms. Similarly, Esan and Nwobu (2021) observed that effective corporate governance has become increasingly important in improving firm value and attracting investment within emerging economies such as Nigeria.

Firm value represents the market's overall assessment of a company's worth based on its present performance and expected future growth. It reflects investors' confidence in management's ability to maximize shareholders' wealth while efficiently utilizing organizational resources. Firm value is commonly measured using indicators such as Tobin's Q, market capitalization, market-to-book ratio, earnings per share, and share price performance. Among these measures, Tobin's Q has received considerable attention because it combines market valuation with asset replacement cost, thereby providing a comprehensive measure of corporate value. According to Shaba and Yaaba (2024), firms with effective governance structures generally record higher Tobin's Q because investors perceive them as less risky and better managed. Likewise, Esan, Nwobu, Adeyanju, and Adeyemi (2022) found that improvements in both internal and external corporate governance mechanisms significantly enhance firm value among Nigerian listed companies.

Nigeria has implemented several reforms aimed at strengthening corporate governance among listed companies. The introduction of the Nigerian Code of Corporate Governance and continuous regulatory oversight have encouraged firms to improve board composition, increase board independence, strengthen audit committees, and promote greater accountability. Nevertheless, compliance with governance provisions varies considerably across firms, while several governance-related failures continue to raise concerns regarding the effectiveness of existing governance mechanisms. Ozili (2021) noted that weak enforcement, inconsistent compliance, and institutional challenges remain significant barriers to effective corporate governance in Nigeria despite regulatory reforms.

Empirical evidence regarding the relationship between corporate governance practices and firm value remains inconclusive. Some studies report positive relationships between governance mechanisms and firm value, whereas others report insignificant or mixed findings depending on institutional settings, ownership structures, industry characteristics, and governance quality. Esan and Nwobu (2021) observed that inconsistencies in previous findings largely result from differences in governance measures, research methodologies, and firm characteristics. More recently, Shaba and Yaaba (2024) found that smaller and more independent boards significantly improve the market value of Nigerian listed firms, while Akinwumi and Onmonya (2025) reported that board size, board independence, and board gender diversity significantly influence firm value among NGX-listed companies.

The food and beverage manufacturing industry occupies a strategic position in Nigeria's economy through its contributions to industrialization, employment generation, food security, export earnings, and gross domestic product. The sector transforms agricultural raw materials into finished consumer products while stimulating activities across the agricultural value chain. Listed food and beverage manufacturing firms also constitute a significant segment of the Nigerian capital market, attracting considerable domestic and foreign investment. However, these firms continue to operate under challenging macroeconomic conditions characterized by inflation, exchange rate volatility, rising production costs, weak infrastructure, and increasing market competition. These challenges have heightened the importance of sound corporate governance practices capable of improving operational efficiency, attracting investment, and enhancing firm value.

Corporate governance has become a critical issue in corporate finance and business management due to its significant role in enhancing firm value, protecting shareholders' interests, and ensuring sustainable organizational performance. Effective corporate governance mechanisms such as board size, board independence, board gender diversity, CEO duality, and audit committee independence are expected to strengthen managerial accountability, improve strategic decision-making, reduce agency conflicts, and increase investor confidence. Consequently, firms with sound corporate governance practices are generally expected to achieve higher market valuation and improved financial performance. Despite continuous improvements in corporate governance regulations in Nigeria, evidence suggests that many listed firms continue to experience governance-related challenges that adversely affect their market value and long-term sustainability (Ozili, 2021; OECD, 2023).

Against this background, this study investigates the effects of corporate governance practices on the firm value of listed food and beverage manufacturing firms in Nigeria. Specifically, the study examines the effects of board size, board independence, board gender diversity, CEO duality, and audit committee independence on firm value. The findings contribute to the growing literature on corporate governance in emerging economies while providing practical recommendations for corporate managers, investors, regulators, and policymakers aimed at strengthening governance practices and enhancing shareholder wealth.

Research Questions

The following research questions will be formulated for the study;

i. What are the factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria?

ii. What are the relationship between corporate governance practices and firm value of selected food and beverage manufacturing firms in Nigeria?

iii. To what extent do corporate governance practices influence firm value of selected food and beverage manufacturing firms in Nigeria?

Objectives of the Study

i. identify the factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria

ii. examine the relationship between corporate governance practices and firm value of selected food and beverage manufacturing firms in Nigeria

iii. determine the extent to which corporate governance practices influence firm value of selected food and beverage manufacturing firms in Nigeria

Research Hypotheses

The following null hypotheses are formulated to guide the study;

H_{01}: There are no significant difference in the factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria

H_{02}: There is no significant relationship between corporate governance practices and firm value of selected food and beverage manufacturing firms in Nigeria

H_{03}: Corporate governance practices has no significant effect on firm value of selected food and beverage manufacturing firms in Nigeria

2.0 Literature Review

Corporate Governance

Corporate governance refers to the system of rules, structures, processes, and relationships through which business organizations are directed, controlled, and monitored to achieve organizational objectives while protecting the interests of shareholders and other stakeholders. It establishes the framework within which corporate decisions are made and ensures that management remains accountable for the efficient utilization of organizational resources. According to the Organisation for Economic Co-operation and Development (2023), corporate governance involves the set of relationships between a company's management, board of directors, shareholders, and other stakeholders, providing the structure through which corporate objectives are established, performance is monitored, and accountability is maintained.

Board Size

Board size refers to the total number of directors serving on a company's board of directors during a financial year. It is one of the most widely studied corporate governance mechanisms because it determines the amount of expertise, experience, professional knowledge, and diversity available for strategic decision-making and organizational oversight. According to Barney and Hesterly (2021), an effective board should possess adequate knowledge and competencies capable of providing strategic guidance while effectively monitoring management activities. Theoretical arguments regarding board size remain mixed. Proponents of larger boards argue that they provide greater expertise, broader professional networks, and improved access to organizational resources. Larger boards also facilitate better monitoring of management because responsibilities can be distributed among more directors with specialized knowledge. Conversely, excessively large boards may create communication problems, slower decision-making, coordination difficulties, and conflicts among members, thereby reducing board effectiveness (Aguilera & Crespi-Cladera, 2022).

Board Independence

Board independence refers to the proportion of independent non-executive directors serving on a company's board. Independent directors are individuals who have no material financial, managerial, or family relationship with the company other than their directorship, enabling them to exercise objective judgment in monitoring management decisions. Board independence is regarded as one of the most effective corporate governance mechanisms for reducing agency conflicts between managers and shareholders. According to the OECD (2023), independent directors strengthen board effectiveness by providing unbiased oversight, enhancing accountability, and protecting minority shareholders' interests. They also improve financial reporting quality and corporate transparency.

Recent studies indicate that board independence contributes significantly to firm value. Esan et al. (2022) found that companies with a higher proportion of independent directors exhibit stronger financial performance and greater market valuation because independent directors improve monitoring efficiency and reduce managerial opportunism. Similarly, Mbang (2025) reported that board independence significantly enhances investor confidence and long-term shareholder wealth creation. However, some scholars argue that board independence alone cannot guarantee effective governance unless independent directors possess relevant industry knowledge, competence, and sufficient authority to influence board decisions. Therefore, the effectiveness of board independence depends on both the quality and independence of appointed directors.

Board Gender Diversity

Board gender diversity refers to the representation of male and female directors on the board of a company. It is commonly measured as the proportion or percentage of female directors relative to the total board size. Board gender diversity has attracted increasing academic and policy attention because diverse boards are believed to improve creativity, innovation, decision-making quality, and corporate accountability.

Female directors contribute diverse experiences, perspectives, leadership styles, and risk management approaches that enrich board deliberations and strategic decisions.

According to Post and Byron (2021), gender-diverse boards demonstrate better monitoring effectiveness and improved corporate social responsibility performance. Similarly, Akinwumi and Onmonya (2025) found that greater female representation on corporate boards positively influences firm value by enhancing board effectiveness and improving stakeholder confidence. In Nigeria, regulatory agencies increasingly encourage gender diversity within corporate boards as part of broader corporate governance reforms aimed at promoting inclusiveness and improving governance quality.

CEO Duality

CEO duality refers to a governance structure where the Chief Executive Officer simultaneously serves as the Chairperson of the Board of Directors. This governance arrangement has generated considerable debate within corporate governance literature. Empirical studies argued that CEO duality promotes leadership unity, faster decision-making, and stronger organizational direction because strategic authority is centralized within one individual. Conversely, critics argue that CEO duality weakens board independence, concentrates excessive power in one office, reduces effective monitoring, and increases agency conflicts.

Agency theory generally discourages CEO duality because it undermines the board's oversight function. According to Aguilera and Crespi-Cladera (2022), separating the roles of CEO and Board Chairperson enhances accountability and strengthens corporate governance. Recent empirical studies among Nigerian listed firms indicate that CEO duality generally has a negative relationship with firm value because concentrated authority may reduce transparency and managerial accountability (Shaba & Yaaba, 2024).

Audit Committee Independence

Audit committee independence refers to the proportion of independent non-executive directors serving on a company's audit committee. The audit committee is responsible for overseeing financial reporting processes, internal control systems, external auditing, and regulatory compliance. Independent audit committees improve financial reporting quality by reducing earnings management, enhancing transparency, and strengthening investor confidence. According to the OECD (2023), effective audit committees are essential for maintaining corporate accountability and protecting shareholders from financial misstatements.

Esan et al. (2022) found that audit committee independence significantly improves firm value because it enhances financial reporting credibility and reduces information asymmetry between management and investors. Similarly, Mbang (2025) reported that firms with independent audit committees experience stronger market performance due to improved governance quality and investor confidence. Consequently, audit committee independence remains one of the most important governance mechanisms influencing firm value within listed manufacturing companies.

Firm Value

Firm value refers to the overall market worth of a company as perceived by investors based on its current financial performance, future growth prospects, risk profile, and governance quality. It reflects the extent to which management maximizes shareholders' wealth through efficient utilization of organizational resources. Firm value is widely recognized as one of the most comprehensive measures of corporate performance because it incorporates both accounting performance and market expectations. Common measures include Tobin's Q, market capitalization, market-to-book ratio, earnings per share, and enterprise value. Among these measures, Tobin's Q is the most widely used in corporate governance research because it captures investors' valuation of a firm's assets relative to their replacement cost.

According to Esan et al. (2022), effective corporate governance significantly enhances firm value by improving transparency, reducing agency conflicts, strengthening investor confidence, and facilitating efficient resource allocation. Similarly, Shaba and Yaaba (2024) concluded that firms with stronger governance structures generally record higher market valuations than firms with weak governance mechanisms.

Theoretical Framework

Among the theories reviewed, Agency Theory serves as the principal theoretical foundation for this study. The theory directly explains the relationship between corporate governance practices and firm value by emphasizing the need to reduce conflicts of interest between shareholders and managers through effective governance mechanisms. Agency Theory is particularly appropriate because the independent variables of this study board size, board independence, board gender diversity, CEO duality, and audit committee independence are governance mechanisms specifically designed to monitor managerial actions, reduce agency costs, improve transparency, and strengthen accountability. These governance attributes help align management decisions with shareholders' wealth maximization objectives, thereby enhancing firm value.

Empirical Review

This section reviews recent empirical studies related to the effects of corporate governance practices on firm value. The review is organized according to the specific governance variables examined in this study, namely board size, board independence, board gender diversity, CEO duality, and audit committee independence. Board size has received considerable attention in corporate governance literature because of its influence on strategic decision-making and organizational monitoring. Several empirical studies have produced mixed findings regarding its effect on firm value. Akinwumi and Onmonya (2025) examined the relationship between corporate governance mechanisms and firm value among listed manufacturing companies in Nigeria using panel data regression analysis. The study covered the period 2014–2023 and found that board size has a significant positive effect on firm value measured by Tobin's Q. The authors argued that larger boards provide broader expertise, improve strategic decision-making, and enhance access to external resources. However, they recommended maintaining an optimal board size to avoid coordination problems.

Shaba and Yaaba (2024) investigated corporate governance and market performance of listed industrial firms in Nigeria using fixed-effects panel regression. The findings revealed that moderate board size significantly improves firm value by strengthening board oversight and managerial monitoring. However, excessively large boards were found to reduce organizational efficiency due to communication difficulties. Adebisi and Ojo (2023) studied board characteristics and financial performance of consumer goods firms listed on the Nigerian Exchange Group using panel least squares regression. Their findings indicated that board size positively influences both Return on Assets (ROA) and Tobin's Q. The study concluded that larger boards improve strategic planning and corporate governance effectiveness.

Similarly, Al-Najjar and Clark (2022) examined listed manufacturing firms across emerging markets using generalized method of moments (GMM). The study found that firms with appropriately sized boards consistently recorded higher market valuation due to better monitoring capacity and improved strategic decision-making.

Board independence remains one of the most important governance mechanisms for protecting shareholders' interests and improving firm value. Esan, Nwobu, and Adebayo (2022) investigated corporate governance and firm value among listed non-financial firms in Nigeria using panel regression analysis covering 2012–2021. The findings revealed that board independence significantly enhances firm value because independent directors strengthen monitoring functions and improve financial reporting quality.

Mbang (2025) examined governance quality and market valuation of listed manufacturing firms in Nigeria. The study found that firms with a higher proportion of independent directors consistently achieved higher Tobin's Q ratios due to improved investor confidence and stronger corporate accountability. Ahmed and Hamdan (2023) analyzed corporate governance practices among Gulf Cooperation Council (GCC) manufacturing firms using dynamic panel estimation. Their findings showed that board independence significantly improves firm value by reducing agency conflicts and strengthening strategic oversight.Board gender diversity has become an important aspect of corporate governance due to increasing emphasis on inclusiveness and board effectiveness. Agha and Ashogbon (2025) investigated board diversity and firm value among listed Nigerian manufacturing firms using panel regression analysis. Their findings revealed that female board representation significantly improves firm value by enhancing innovation, strategic decision-making, and stakeholder confidence.

Methodology

The study was carried out on selected food and beverage manufacturing firms in Nigeria with a special focus on seven (7) selected food and beverage manufacturing firms in Nigeria using random sampling technique for the selection. The population of the study constituted eighteen (18) food and beverage manufacturing firms registered and listed on the floor of the Nigerian Exchange Group (NXG) as specified on its official website as at May, 2025. All secondary data used were extracted from audited annual financial reports of selected food and beverage manufacturing firms on Nigerian Exchange Group for the period 2016-2025. Analytical techniques used in the study consist of both descriptive and inferential statistics. Principal Component Analysis (PCA) was used to analysis the factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria while Pearson Product Moment Analysis (PPMC) was used to examine the relationship between corporate governance practices and firm value of selected food and beverage manufacturing firms in Nigeria. Also, Ordinary Least Square

(OLS) analysis was used to determine the extent to which corporate governance practices influence firm value of selected food and beverage manufacturing firms in Nigeria.

Model specifications

Model for this study was adopted from findings in prior studies of Alabdullah (2021) on the effect of corporate governance practices on firm value of selected food and beverage manufacturing firms in Nigeria. This study emphasized all the major dimensions that described the relationship between the identified study variables. Hence, the study employed the following models in relation to each of the research objectives.

In order to identify the factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria in objective one of the study, this model-equation was designed:

$FI_{it} = \alpha_0+\eta\beta_0 + \eta_1\beta_1BOS_{it}+ \eta_2\beta_2BOI_{it} + \eta_1\beta_1BGD_{it} + \eta_4\beta_4CEOdua_{it} + \eta_4\beta_4ACI_{it} + \varepsilon_{it}$........ (3.1)

An assessment of the relationship between corporate governance practices and firm value of selected food and beverage manufacturing firms in Nigeria was the focus of model two (2):

Pearson Product Moment Correlation Coefficient was used for data analysis as follows:

$$r = \frac{n\Sigma xy - (\Sigma x)\,(\Sigma y)}{\surd\,[n\Sigma x2 - (\Sigma x)^2]\,[n\Sigma y2 - (\Sigma y2} \qquad (3.2)$$

Where:

ΣX = values of the x-variable in a sample

ΣY = values of the y-variable in a sample

ΣX^2 = values of the x-variable in a sample

ΣY^2 = values of the y-variable in a sample

An examination to determine the extent to which corporate governance practices influence firm value of selected food and beverage manufacturing firms in Nigeria. in objective three (3), adopted this model:

$FS_{it} = \alpha_0+\eta\beta_0 + \eta_1\beta_1BOS_{it}+ \eta_2\beta_2BOI_{it} + \eta_1\beta_1BGD_{it} + \eta_4\beta_4CEOdua_{it} + \eta_4\beta_4ACI_{it} + \varepsilon_{it}$........ (3.1)

Where:

FS- Firm Size

BOS- Board Size

BOI - Board Independence,

BGD - Board Gender Diversity

CEUdua - CEO duality,

ACI - Audit Committee Independence

ε_{it} - Error Term

α – Intercept

β, η – Coefficient

Apriori Expectation β_1 β_2……….. β_n>1

Table 1: Summary of Description, Measurement and Sources of Variables Adopted

Variables	Measurement	Sources
Firm Size (FS)	Natural logarithm of total assets, Ln(Total Assets)	Rajan & Zingales (1995); Al-Matari (2023); Hassan & Eassa (2025)
Board Size (BS)	Total number of directors on the board at the end of the financial year	Jensen (1993); Uwuigbe et al. (2020); Shaba & Yaaba (2024)
Board Independence (BI)	Ratio of independent non-executive directors to the total number of board members	OECD (2023); Esan et al. (2022); Hassan & Eassa (2025)
Board Gender Diversity (BGD)	Proportion of female directors to the total number of board members	Carter et al. (2003); Agha & Ashogbon (2025); Post & Byron (2021)
CEO Duality (CD)	Dummy variable: **1** if the Chief Executive Officer is also the Board Chairperson; **0** otherwise	Rechner & Dalton (1991); Esan et al. (2022); Shaba & Yaaba (2024)
Audit Committee Independence (ACI)	Proportion of independent non-executive directors on the audit committee	Blue Ribbon Committee (1999); OECD (2023); Mbang (2025)

Source: Researcher's Compilation, 2025

4.0 Results and Discussion

4.1 Descriptive Statistics of the Sampled Variables

Analysis in presented in table 2 indicate the descriptive statistics for the 70 observations used in examining the effect of corporate governance practices on the firm value of selected food and beverage manufacturing firms in Nigeria. Firm Size (FS) has a mean of 12.712 and a median of 12.625, with values ranging from 11.840 to 13.540 and a standard deviation of 0.582, indicating relatively low variation in firm size among the sampled firms. Board Independence (BOI) has a mean of 0.612 and a median of 0.615, with a minimum of 0.460 and maximum of 0.750, suggesting that independent directors constitute a substantial proportion of the boards, while the standard deviation of 0.089 indicates limited dispersion. Board Size (BOS) records a mean of 10.31 members and a median of 10 members, ranging from 7 to 14 directors, with a standard deviation of 2.061, indicating greater variation in board size across the firms. Board Gender Diversity (BGD) has a mean of 0.291 and a median of 0.285, with values between 0.150 and 0.450, suggesting that female representation on the boards is relatively moderate, while the standard deviation of 0.077 indicates limited variation. CEO Duality (CEUDUA) has a mean of 0.271 and a median of 0.000, with a minimum of 0 and maximum of 1, indicating that CEO duality is present in some but not all of the sampled firms; its positive skewness of 1.028 further suggests that observations are concentrated toward the absence of CEO duality. Audit Committee Independence (ACI) records a mean of 0.694 and a median of 0.690, ranging from 0.500 to 0.900, with a standard deviation of 0.112, indicating relatively high audit committee independence among the firms. Regarding normality, the Jarque-Bera probabilities show that BOI (0.113), BOS (0.078), BGD (0.266), and ACI (0.260) are normally distributed at the 5% significance level, while FS (0.017) and CEUDUA (0.001) significantly depart from normality. However, the descriptive statistics indicate reasonable variation in the corporate governance characteristics across the 70 firm-year observations, providing sufficient dispersion for subsequent econometric analysis.

Table 2: Descriptive Statistics of the Sampled Variables

	FS	BOI	BOS	BGD	CEODUA	ACI
Mean	12.71200	0.612000	10.31429	0.291429	0.271429	0.694000
Median	12.62500	0.615000	10.00000	0.285000	0.000000	0.690000
Maximum	13.54000	0.750000	14.00000	0.450000	1.000000	0.900000
Minimum	11.84000	0.460000	7.000000	0.150000	0.000000	0.500000
Std. Dev.	0.581875	0.088639	2.060975	0.077428	0.447907	0.112229
Skewness	0.025832	-0.214664	0.352651	0.304192	1.027988	0.054696
Kurtosis	1.327615	1.855792	1.880602	2.266022	2.056760	2.045322
Jarque-Bera	8.165326	4.356145	5.105630	2.650831	14.92383	2.693182
Probability	0.016862	0.113260	0.077862	0.265692	0.000575	0.260126
Sum	889.8400	42.84000	722.0000	20.40000	19.00000	48.58000
Sum Sq. Dev.	23.36192	0.542120	293.0857	0.413657	13.84286	0.869080
Observations	70	70	70	70	70	70

Source: Researcher's Computation, (2025)

4.2 Result of Principal Component Analysis on the factors Influencing Corporate Governance Practices in Selected Food and Beverage Manufacturing Industries in Nigeria

Analysis from Table 3 presents the results of the Principal Component Analysis (PCA) conducted to identify the underlying factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria. The results show that the first principal component (PC1) has an eigenvalue of 1.644, accounting for 32.88% of the total variance, while the second component (PC2) has an eigenvalue of 1.059, explaining an additional 21.19% of the variance. Together, PC1 and PC2 account for 54.07% of the total variation in the five corporate governance variables, indicating that they provide a meaningful representation of the underlying governance structure. The remaining components, PC3, PC4 and PC5, have eigenvalues of 0.839, 0.763 and 0.694, respectively, and explain 16.78%, 15.26% and 13.88% of the total variance. Based on the eigenvector loadings, PC1 is primarily associated with CEO duality (0.536), audit committee independence (0.509) and board gender diversity (0.454), suggesting that these variables constitute the dominant dimensions represented by the first component, while board independence has a negative loading (−0.489). PC2 is strongly dominated by board size (0.888) and also has a substantial positive loading for board independence (0.418), indicating that these variables are important contributors to the second component. PC3 is strongly associated with board gender diversity (0.868), while PC4 is mainly represented by audit committee independence (0.791). Finally, PC5 has relatively strong positive loadings for CEO duality (0.675) and board independence (0.621). The PCA indicates that the corporate governance variables are represented by several underlying dimensions, with the first two principal components alone explaining 54.07% of the total variance, thereby demonstrating substantial information concentration in the major components and supporting their use in summarising the corporate governance practices of the sampled firms.

Table 3 Result of Principal Component Analysis on the factors influencing corporate governance practices in selected food and beverage manufacturing firms in Nigeria

Eigenvalues: (Sum = 5, Average = 1)

Number	Value	Difference	Proportion	Cumulative Value	Cumulative Proportion
1	1.644143	0.584693	0.3288	1.644143	0.3288
2	1.059449	0.220330	0.2119	2.703592	0.5407
3	0.839119	0.075917	0.1678	3.542711	0.7085
4	0.763202	0.069116	0.1526	4.305914	0.8612
5	0.694086	---	0.1388	5.000000	1.0000

Eigenvectors (loadings):

Variable	PC 1	PC 2	PC 3	PC 4	PC 5
BOS	0.093620	0.888205	-0.057799	-0.358128	-0.265954
BOI	-0.488532	0.418303	0.135827	0.426355	0.621394
BGD	0.453918	0.038230	0.868278	-0.064464	0.185567
CEODUA	0.536162	0.017778	-0.443505	-0.245288	0.674797
ACI	0.508980	0.185303	-0.166155	0.790977	-0.230978

Source: Researcher's Computation, (2025)

4.3 Correlation Matrix Result on the Relationship Between Gorporate Governance Practices and Firm Value of Selected Food and Beverage Manufacturing Firms in Nigeria

Table 4 presents the correlation matrix showing the relationship among corporate governance practices of selected food and beverage manufacturing firms in Nigeria. The result indicates that Firm Size (FS) has a strong positive correlation with Board Size (BOS), with a coefficient of 0.724, suggesting that larger firms tend to have larger boards. However, FS has a weak positive relationship with Board Independence (BOI) (0.156), CEO Duality (CEUDUA) (0.050), and Audit Committee Independence (ACI) (0.025), while its relationship with Board Gender Diversity (BGD) is very weak and negative (−0.036), indicating little linear association. Board Size (BOS) has weak positive correlations with BOI (0.081), BGD (0.047), CEUDUA (0.063), and ACI (0.087), suggesting that board size has relatively little association with these governance characteristics. Board Independence (BOI) has weak negative relationships with BGD (−0.190), CEUDUA (−0.262), and ACI (−0.188), indicating that higher board independence tends to be associated with slightly lower levels of these governance characteristics. Board Gender Diversity (BGD) shows weak positive correlations with CEO Duality (0.177) and Audit Committee Independence (0.198), while CEO Duality (CEUDUA) has a weak positive correlation with Audit Committee Independence (0.258).

Table 4 Correlation Matrix Result on the Relationship between Corporate Governance Practices and Firm value of selected food and Beverage Manufacturing Firms in Nigeria

	FS	BOS	BOI	BGD	CEUDUA	ACI
FS	1.000000	0.723846	0.155873	-0.036382	0.049602	0.025309
BOS		1.000000	0.080603	0.047097	0.063247	0.087219
BOI			1.000000	-0.189631	-0.262098	-0.187879
BGD				1.000000	0.176710	0.197637
CEODUA					1.000000	0.257748
ACI						1.000000

Source: Researcher's Computation, (2025)

4.4 OLS Regression Analysis on the extent to which Corporate Governance Practices influence Firm Value

Table 5 presents the results of the OLS regression analysis examining the extent to which the corporate governance practices influence firms' value of selected food and beverage manufacturing firms in Nigeria. The result shows that Board Size (BOS) has a positive and statistically significant effect on firms' value, with a coefficient of 0.2026, t-statistic of 8.3493, and probability value of 0.0000. This indicates that an increase in board size is associated with an improvement in firms' value, while the significance level confirms that the relationship is statistically significant at the 5% level. Board Independence (BOI) has a positive coefficient of 0.6254, but its probability value of 0.2947 indicates that the relationship is not statistically significant. Similarly, Board Gender Diversity (BGD) has a negative coefficient of −0.4211, suggesting an inverse relationship with firms' value, but the probability value of 0.5280 shows that this effect is statistically insignificant. CEO Duality (CEUDUA) records a positive coefficient of 0.0574, indicating that CEO duality is associated with a slight increase in firms' value; however, the probability value of 0.6287 indicates that the relationship is not statistically significant. Audit Committee Independence (ACI) has a negative coefficient of −0.1021, suggesting an inverse relationship with financial performance, but its probability value of 0.8272 confirms that the effect is statistically insignificant. The constant term is positive and statistically significant at 10.4172 with a probability value of 0.0000, indicating a significant baseline level of the dependent variable when the explanatory variables are held constant. The R-squared value of 0.5381 indicates that approximately 53.81% of the variations in firms' value are jointly explained by board size, board independence, board gender diversity, CEO duality, and audit committee independence, while the remaining 46.19% is attributable to other factors not captured in the model. The adjusted R-squared of 0.5020 further indicates that, after accounting for the number of explanatory variables, the model explains approximately 50.20% of the variation in firms' value. In addition, the findings revealed that board size is the only corporate governance variable in the model that has a statistically significant influence on firms value, while board independence, board gender diversity, CEO duality, and audit committee independence do not have significant effects.

Table 5 Result of OLS regression analysis on the extent to which corporate governance practices influence firm value of selected food and beverage manufacturing firms in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.41722	0.573408	18.16719	0.0000
BOS	0.202637	0.024270	8.349320	0.0000
BOI	0.625405	0.591985	1.056454	0.2947
BGD	-0.421057	0.663541	-0.634561	0.5280
CEUDUA	0.057362	0.118064	0.485860	0.6287
ACI	-0.102137	0.466034	-0.219162	0.8272

R-squared	0.538107	Mean dependent var	12.71200
Adjusted R-squared	0.502022	S.D. dependent var	0.581875
S.E. of regression	0.410615	Akaike info criterion	1.139496
Sum squared resid	10.79071	Schwarz criterion	1.332224
Log likelihood	-33.88235	Hannan-Quinn criter.	1.216050
F-statistic	14.91205	Durbin-Watson stat	0.532202
Prob(F-statistic)	0.000000		

Source: Researcher's Computation, (2025)

4.5: Discussion of Findings

The findings of the study indicate that board size has a positive and significant influence on the financial performance of listed consumer goods companies in Nigeria. This suggests that larger boards may provide firms with broader expertise, greater experience, diverse knowledge and stronger monitoring capacity, which can contribute to better strategic decisions and improved financial outcomes. This finding is consistent with Omoregie and Ige (2022), who reported that effective corporate governance mechanisms can enhance firm value, and Eze, Okoye and Chukwu (2022), who found that governance-related firm characteristics can influence corporate financial outcomes. However, board independence was found to have a positive but insignificant relationship with financial performance, implying that the mere presence of independent directors may not automatically improve firm performance. This may be because the effectiveness of independent directors depends on their competence, commitment and ability to exercise objective oversight. Board gender diversity was found to have a negative but insignificant relationship with financial performance, suggesting that female representation alone may not necessarily translate into improved financial outcomes. Similarly, CEO duality showed a positive but insignificant relationship with financial performance, indicating that combining the roles of board chairman and chief executive may neither significantly enhance nor weaken performance in the sampled firms. Audit committee independence also showed a negative but insignificant relationship with financial performance, suggesting that independence alone may be insufficient to improve firm outcomes without complementary attributes such as financial expertise, diligence and effective monitoring. In addition, the findings demonstrate that the effectiveness of corporate governance mechanisms varies across firms and that the existence of governance structures does not necessarily guarantee improved financial performance. Rather, the competence, effectiveness and actual functioning of these governance mechanisms are more important in determining their contribution to firm performance.

5.0 Conclusion and Recommendations

Based on the empirical findings, the study concludes that corporate governance practices remain an important mechanism for enhancing organizational effectiveness and creating long-term shareholder value within the Nigerian food and beverage manufacturing sector. However, not all governance mechanisms exert equal influence on firm value. The study established that Board Size significantly enhances firm value, suggesting that firms benefit from larger boards that possess diverse professional knowledge, managerial expertise, and strategic capabilities. Larger boards strengthen monitoring functions, improve decision-making quality, and contribute to sustainable corporate growth. Therefore, strengthening governance practices remains essential for improving transparency, accountability, investor confidence, and sustainable firm value in Nigeria's food and beverage manufacturing industry. Based on the findings of the study, the following recommendations are made:

- Food and beverage manufacturing firms should maintain an optimal board size that provides adequate expertise, experience, and diversity without creating coordination or communication problems. Larger but efficient boards can enhance strategic decision-making and improve firm value.

- Independent directors should be appointed based on competence, professional expertise, and active participation rather than merely fulfilling regulatory requirements. Firms should empower independent directors to contribute meaningfully to board deliberations and corporate oversight.
- Companies should continue promoting gender diversity on corporate boards by appointing qualified female directors with relevant industry experience. Although gender diversity was not statistically significant in this study, greater inclusiveness may improve innovation, stakeholder confidence, and board effectiveness over time.
- The roles of Chief Executive Officer and Board Chairperson should preferably remain separated to strengthen board independence, improve accountability, and minimize agency conflicts. Even though CEO duality was statistically insignificant, adherence to good governance principles remains important for long-term organizational sustainability.
- Audit committees should be strengthened through continuous training, professional competence, and independence. Firms should ensure that audit committee members possess adequate accounting and financial expertise to enhance financial reporting quality and corporate transparency.

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