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Sequence of Manuscript

I. Title page
II. Abstract (150-250 words)
III. Keywords (3-5)
IV. Introduction
V. Literature Review
VI. Methodology
VII. Results and Discussion
VIII. Conclusion and Recommendations
IX. References (APA 7th Edition)
X. Appendices (if necessary)
XI. Author Biographies (optional)

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EFFECT OF BOARD CHARACTERISTICS ON MARKET VALUE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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ABSTRACT

The repercussions of corporate failures have sparked heated debates among regulators, policymakers, and practitioners, prompting urgent calls for robust governance reforms to restore market trust and stability. Therefore, this study examines the impact of board characteristics speciÿcally board independence, ÿnancial expertise, female directors, and board remuneration on the market value of listed consumer goods ÿrms in Nigeria. Employing an ex-post facto research design, panel data spanning from 2013 to 2022 from nineteen consumer goods ÿrms listed on the Nigerian Exchange Group (NGX) were analyzed. Dynamic panel regression was used to explore the relationships between board characteristics and market value, controlling for ÿrm size. The analysis reveals a signiÿcant negative e ect of board independence on market value, Conversely, board ÿnancial expertise demonstrates a signiÿcant positive impact on market value, also female directors also show a positive inŒence on market value. While board remuneration has a positive insigniÿcant e ect on market value of listed consumer goods ÿrms in Nigeria. Based on these ÿndings, recommendations are proposed to strengthen corporate governance practices in Nigerian consumer goods ÿrms, including revising board independence guidelines, promoting gender diversity, and aligning board remuneration with performance metrics.

Keywords: Corporate Governance, Board Characteristics, Market Value, Consumer

1.0 Introduction

In an era of increasing interconnectedness and globalized financial markets, the pivotal role of corporate governance in shaping the performance and valuation of firms across diverse economies has gained unprecedented significance. Within this landscape, the primary objective of firms is clearly centered on the strategic imperative to increase market value. The relentless pursuit of increasing market value signifies a commitment to not only meeting the expectations of investors but also positioning the firm favorably within the broader market context.

However, the failures of major multinational corporations in the 21st century, has left a profound impact on the global market. These incidents not only led to significant declines in overall market value but also severely undermined investor confidence in the capital market (Li et al., 2024; Mérő & Bethlendi, 2022). A common thread among these corporate scandals is the evident lack of effective oversight of the boards of directors. This event has led to heated debate among regulators and practitioners to find a solution to the unprecedented corporate failures.

Market value represents the valuation of a company in the financial markets, reflecting the aggregate investor perception of its future earning potential. It is crucial for stakeholders, as it influences investment decisions, corporate strategies, and economic outcomes. (Miloș & Miloș, 2022). The composition and characteristics of a board are pivotal in shaping the market value.

The Nigerian Code of Corporate Governance (NCCG 2018) for listed companies considers the role of board of directors to be an important mechanism for governance which protects investors interest. Puni and Anlesinya, (2020) indicated that board of directors is one of the important mechanisms for effective corporate governance. Thus, their characteristics namely, board size, board independence, diversity, education and meeting are critical for ensuring effective corporate governance, which can have a significant impact on market value (Usman & Yahaya, 2023; Onyeka & Amahalu, 2022)

Independent directors are crucial for ensuring unbiased decision-making and effective oversight of management (Haldar et al., 2022). Higher levels of board independence are often associated with better corporate governance practices and reduced agency costs, which can contribute positively to market valuation.

Board expertise is another crucial factor that can significantly impact the market value (Al-Shammari et al., 2023). Boards with diverse expertise bring strategic guidance and industry-specific knowledge. Expertise relevant to the consumer goods industry can help boards make informed decisions, anticipate market trends, and capitalize on opportunities effectively, thereby enhancing market value.

The presence of female directors on corporate boards can have a significant impact on the market value of firms (Cimini, 2022). Gender diversity on boards is often associated with improved corporate governance practices. It can lead to greater board independence, more effective oversight of management, and better alignment of corporate strategy with stakeholder interests.

Board remuneration is a critical aspect of corporate governance as it influences the motivation and behavior of board members (Harvey et al., 2020). Adequate remuneration can attract competent directors and align their interests with those of shareholders, potentially enhancing governance effectiveness. The structure of board remuneration packages often includes fixed and variable components, such as bonuses tied to financial performance metrics or stock options linked to shareholder returns. When these components are well-designed and aligned with company performance, they can incentivize board members to make decisions that enhance long-term shareholder value.

Extensive research has investigated into the correlation between board characteristics and market value, with studies like those by Al-Shaer et al. (2023); Alijoyo and Sirait, (2022); Salehi et al. (2023) highlighting the pivotal role of board attributes in influencing market value. However, it's imperative to note that these studies predominantly focused on developed economies. Consequently, there remains uncertainty regarding the generalizability of their findings to developing countries like Nigeria, which possess unique litigation environments.

However, in the Nigerian context, several studies have been carried out with inconclusive findings, shedding light on the relationship between board characteristics and market value ses Usman & Yahaya 2023, and Ajukwara et al. 2022) have contributed significantly to this area of research. However, despite their efforts, the findings of these studies have not provided clear insights into the relationship between board attributes and market value in the Nigerian context.

Methodological gap also exist in Nigeria context. (Onyeka & Amahalu, 2022) measured market value using Tobin. These metrics fails to fully encapsulate the broader dynamics shaping market valuation, Therefore, gaps exist in the literature in terms of the measurement of the variable. This study uses the ratio of market value added to address the methodological issue.

Another notable gap that this study aims to address is the methodological gap observed in previous studies conducted in Nigeria. It is observed that the study of Ajukwara et al. 2022 employed a "static model" approach. However, this approach is associated with several methodological limitations, particularly in dealing with issues of time and endogeneity. To address these methodological concerns, this study proposed the use of a "dynamic model" approach.

In general, available literature in Nigeria shows that there is dearth of research work on the relationship between (board independence, board expertise, female director, board meeting and board remuneration) and market value. These variables to the best of our knowledge have not been captured altogether in any research work in Nigeria (that is, based on the literature reviewed). Hence, the combined effect of these variables on market value is hoped to yield an effective result different from other researches. The choice for the consumer goods firms is informed by the fact that these firms have been neglected in similar studies despite the role that the industry plays in economic development. Therefore, this study aims to fill the literature gap. This contribution is particularly relevant for policymakers, corporate leaders, and investors aiming to understand and improve the factors that drive market value in developing economies.

2.0 Literature Review and Hypotheses Development

Market Value

Market value is a key metric in equity valuation, helping investors assess the fair value of a company's stock based on its perceived market worth (Battisti, 2020). Market value, also known as market capitalization, is a measure of a company's total value as perceived by investors. It is calculated by multiplying the current share price by the total number of outstanding shares. Market value represents what investors are willing to pay for a company's equity at a given time and is used as an indicator of the company's size, investor confidence, and market standing (Zyla, 2020).

Board independence

Board independence refers to the presence of directors on a company's board who are not part of the company's executive team and do not have any material relationship with the company that could affect their impartiality (Fuzi et al., 2016). Independent directors are crucial for ensuring unbiased decision-making and effective oversight of management, which can positively influence a company's governance practices and market value.

Studies on the interaction between board independence and market value have revealed inconclusive results. Tulung and Ramdani (2018) studied the effect of board independence, board size and financial performance in Indonesia companies for the period 2010-2014. The statistical method used to test the hypotheses is OLS regression. The results suggested that there is a positive relationship between board independence, board size and performance.

Usman and Yahaya (2023) investigated the impact of board characteristics on firm value in Nigeria using 112 sampled NGX listed companies during the financial years 2009–2021. OLS pooled data regression model is applied for testing the hypotheses. The results indicate that board size, board independence and board share ownership have significant effects on firm value in Nigeria. Also, firm listing age and firm size have significant effects on firm value in Nigeria.

However, some studies have found a positive correlation between board independence and market value, suggesting that independent directors enhance governance practices, reduce agency costs, and increase investor confidence.

Other studies suggest that an overemphasis on independence without considering the expertise and engagement of board members can lead to ineffective governance. Andoh et al (2023) studied the impact of board characteristics on the performance of listed financial firms (commercial banks) in Ghana. The fixed and random effects models with generalized least square specifications are used in estimating regressions to correct for heteroscedasticity and serial correlation. The empirical results show board independence has insignificant effect on firm performance.

Mili and Hashim (2023) examined the relationship of board attributes to firm value. This research uses a panel dataset over a period of 4 years, i.e., 2016-17 to 2019-2020 of 23 selected engineering companies listed on Dhaka Stock Exchange Ltd. (DSE) of Bangladesh. The study adopts panel data regression model. The study finds that Board independence has insignificant relationship to market value.

Manini and Abdillahi (2023) examined the relationship between board attributes (board independence, board meeting frequency, board gender diversity, and board size) and the firm value of listed companies in Kenya. Fixed effects panel data regression was applied to 618 firm-year observations from 58 firms listed on the Nairobi Securities Exchange (NSE) from 2010 to 2021.The results show that all board attributes had no significant effect on firm value.

Magai et al (2024) examined the effects of board characteristics on value of listed manufacturing firms in Nigeria covering a period of fifteen years (15) from 2007 to 2021. Censor sampling technique was employed with filters used to exclude firms with incomplete data. The multiple regression technique of analysis was employed in analysing the panel data generated. Results of the analysis revealed that, board meetings and board nationality have significant effect on value of listed manufacturing firms in Nigeria while other independent variables of the study were found to have insignificant effect of value of listed manufacturing firms in Nigeria. Based on prior empirical studies with mixed and inconclusive results, the null hypotheses state that:

Ho1: Board independence has no significant effect on market value of listed consumer goods firms in Nigeria

This hypothesis posits that the presence or absence of independent board members does not significantly impact the market valuation of consumer goods companies in Nigeria. Despite the potential for independent directors to offer unbiased oversight and enhance governance, this hypothesis suggests that their influence on market value may not be statistically significant in this context. Testing this hypothesis will help determine whether board independence is a critical factor for the market performance of these firms.

Board expertise

Board expertise is a critical aspect of corporate governance that significantly impacts a company's strategic decision-making, risk management, and overall performance. Expertise on a board refers to the specialized knowledge, skills, and experience that directors bring to their roles, contributing to the effective oversight and guidance of the company's operations. Previous studies have documented contradictory results regarding the effect of board expertise on market value. Naheed et al (2022) examined the impact of the financial expertise of the board of directors (BOD's) on the investment decisions of firms by integrating Sarbanes-Oxley (SOX) regulations. The study has taken into account two emerging markets China and Pakistan from 2009-2020 with 8000 and 1120 firm-year observations respectively. The study has used fixed effect, random effect regression. The findings board financial expertise is positively related to firm investment.

Osahon and Rita (2023) investigated the effect of board knowledge capital on market value of listed manufacturing companies in Nigeria. The study further revealed that board work experience and CEO financial expertise have positive effect on market value of listed manufacturing companies.

Obeitoh et al (2023) examined board characteristics and firm performance. The study adopts GMM statistical model with 10-year panel data among 40 listed firms in Nigeria. The 10-year period covers 2012 to 2021. The findings of our study reveal a significant positive relationship between board size, meeting, young female directors, female financial experts, board expertise and financial performance. The interaction of board expertise as a moderator with board size, independence, young female directors, and female financial experts improves firm performance.

Conversely, Nugraha et al (2023) studied the influence of the expertise of boards of directors and executives on manufacturing companies' performances in Indonesia from 2014-2018. Separate regression analysis of data was performed for each group of board members. Return on Assets, Return on Equity, and Tobin's Q functioned for measuring Firm Performance. The adopted panel regression. The study found that academic degrees and professional certifications in business or finance held by directors and executives did not affect Firm Performance. Mixed evidence from prior empirical studies justifies the hypothesis that:

Ho2: Board expertise has no significant effect on market value of listed consumer goods firms in Nigeria

Female directors

Female Directors are women who serve on a company's board of directors. They hold the same responsibilities and authority as their male counterparts and contribute to the board's role in overseeing the company's management, setting strategic direction, and ensuring good governance practices. Female directors bring gender diversity to the board, which is increasingly recognized for its potential to enhance decision-making processes and overall corporate performance. Preceding studies have documented contradictory results regarding the effect of institutional shareholding on opportunistic behavior of managers.

Arvanitis et al (2022) used the two-step system GMM estimator to study the effect of gender diversity on firm value. The found that gender diversity significantly affect firm performance of all listed firms in the Athens Stock Exchange for the period 2008–2020. Also Awad et al (2023) studied the effect of gender diversity on market value using ordinary least squares (OLS) and panel regression (fixed & random effect) on a dataset that is extracted from the Refinitiv Eikon platform for the period 2010–2022. This investigation controlled for firm age, firm size, profitability, and leverage in the model developed. The significant result of the Hausman test approved the results of the fixed effect model which reveals that gender diversity has a positive significant effect on firm value.

Akhtar et al (2022) studied the impact of board gender diversity on firm value during a crisis period of listed firms included in the S&P 1500 index. In cross-sectional analysis, the study found that gender diversity do not affect firm value.

Nguyen (2023) studied the effect of board gender on firm value . Using 98 firms listed on the Hanoi Stock

Exchange and Ho Chi Minh City Stock Exchange in the period of 2014 – 2019, and using quantitative analysis on unbalanced panel data, the research results indicate that the participation of women helps the board of directors for gender diversity as well as the independence of the board has not yet had an impact on the financial performance of the business.

Jayanti et al (2023) studied the effect of gender diversity among the board of commissioners , the focus of this research was based on a manufacturing company located in Indonesia. The sample consists of 623 financial statements listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period. The data analyzed using multiple linear regression analysis models using EViews 10 software. In contrast to earlier research, this study incorporates empirical data from Indonesian enterprises together with a wider variety of moderating factors. In the research, a simultaneously significant effect on the value of the company is indicated by the value of R Squared of 36.3%. Based on the results of the analysis, it was concluded that the gender diversity among the board of commissioners and firm value, who were proxied by Tobin's Q through their gender on the board of commissioners had a negative effect, where these results aren't in line with traditional theories. Other regression analysis results, gender diversity among the board of commissioners moderating with education background had no effect on firm value. Mixed evidence from prior empirical studies justifies the hypothesis that the:

Ho3: Female Director has no significant effect on market value of listed consumer goods firms in Nigeria.

Board Remuneration

Board Remuneration refers to the compensation provided to members of a company's board of directors for their services. This remuneration can include various forms of payment such as cash fees, stock options, performance-based incentives, and other benefits. The structure and level of board remuneration are often designed to attract and retain qualified directors, align their interests with those of shareholders, and incentivize effective governance and oversight.

Musa and Yahaya (2023) examined the role of corporate governance in the maximization of firm value across 134 listed firms in the Nigerian Exchange Main Board for ten years period (2013-2022). The data used in this study is panel data hand-picked from the annual reports and accounts of the sampled firms. Data processing is done with STATA 15.1. The results show that risk committee size, leverage, asset tangibility, profitability and firm size have significant effects on firm value, while concentrated ownership, board size, remuneration size, audit quality and dividend yield have no significant effects on firm value.

Johanthan et al (2023) determined the impact of corporate governance mechanism on the directors' remuneration disclosure level and firm value. Data were collected from annual reports of 200 selected companies listed in Bursa Malaysia from 2013 to 2019. Pooled OLS, longitudinal data and 2SLS was carried out to accomplish the objective. The results show that board independence significantly impact the directors' remuneration disclosure level while CEO duality and board size are insignificant on the directors' remuneration disclosure level. Another finding revealed that directors' remuneration disclosure level and board size were significant in affecting the firm value.

Khan et al (2022) investigated the impact of the remuneration & HR committee on the remuneration of the CEO, directors, executives, all (CEO, directors, executives), and auditor. Further, this study also explores the influence of the remuneration & HR committee on firm performance. This study used data between 2009 and 2017. For analysis, this study used OLS regression with cross-section fixed effects. Our findings suggest remuneration in presence of remuneration & HR committee, minimizes the conflict of interest between management and shareholders, further remuneration payments impact positively on firm performance. Mixed evidence from prior empirical studies justifies the hypothesis that:

Ho4: **Board remuneration** has no significant effect on market value of listed consumer goods firms in Nigeria.

Agency theory provides a natural backdrop upon which this research is based propounded by Jensen and Meckling (1976). The theory states that the separation of ownership from control of the modern day business has turned the relationship between the owners (shareholders) and controllers (managers) to that of an agent and a principal. As such the managers are supposed to treat this fiduciary relationship with utmost sense of transparency and accountability. This means that they are expected to act in such a manner that benefits the shareholders rather than pursuing their own selfish interest.

independent board members does not significantly impact the market valuation of consumer goods companies in Nigeria. Despite the potential for independent directors to offer unbiased oversight and enhance governance, this hypothesis suggests that their influence on market value may not be statistically significant in this context. Testing this hypothesis will help determine whether board independence is a critical factor for the market performance of these firms.

Board expertise

Board expertise is a critical aspect of corporate governance that significantly impacts a company's strategic decision-making, risk management, and overall performance. Expertise on a board refers to the specialized knowledge, skills, and experience that directors bring to their roles, contributing to the effective oversight and guidance of the company's operations. Previous studies have documented contradictory results regarding the effect of board expertise on market value. Naheed et al (2022)

Table 3.1

Population of the Study

S/N	Sector	Date Listed
1	BUA FOODS PLC	January 5, 2022
2	CADBURY NIGERIA PLC.	January 1, 1976
3	CHAMPION BREW. PLC.	July 31, 1974
4	DANGOTE SUGAR REFINERY PLC [CG+]	March 8, 2007
5	DN TYRE & RUBBER PLC [MRS]	October 21, 1961
6	FLOUR MILLS NIG. PLC. [CG+]	1978
7	GOLDEN GUINEA BREW. PLC. [BLS]	1979
8	GUINNESS NIG PLC [CG+]	April 29, 1950
9	HONEYWELL FLOUR MILL PLC [BLS][CG+]	July 9, 1985
10	INTERNATIONAL BREWERIES PLC. [BLS]	December 22, 1971
11	MCNICHOLS PLC	April 26, 2004
12	MULTI-TREX INTEGRATED FOODS PLC [DWL]	November 1, 2010
13	N NIG. FLOUR MILLS PLC.	October 20, 1992
14	NASCON ALLIED INDUSTRIES PLC	October 20, 1992
15	NESTLE NIGERIA PLC. [CG+]	April 20, 1979
16	NIGERIAN BREW. PLC. [CG+]	September 5, 1973
17	NIGERIAN ENAMELWARE PLC.	28 December1979
18	P Z CUSSONS NIGERIA PLC. [CG+]	February 18, 1974
19	UNILEVER NIGERIA PLC. [CG+]	April 1, 1973
20	UNION DICON SALT PLC. [BRS]	September 23, 1993

Source: Nigerian Exchange Group (NGX) Website 2024

To select the sample for this study, a filtering criterion was employed based on the following conditions:

1. Firms must not have been delisted during the study period (2013 to 2022).

2. Availability of complete data: Firms must have all the necessary data required to measure the variables of the study within the period of 2013 to 2022.

Based on these criteria, companies that do not meet the conditions was excluded from the sample. Specifically, Dn Tyre & Rubber Plc And Multi-Trex Integrated Foods Plc will be excluded due to incomplete data. Additionally, Bua Foods Plc, which was listed in 2022, was also excluded due to the lack of data for the entire study period. After applying the filter, the final sample was consist of nineteen consumer goods firms that meet the inclusion criteria. This approach ensures that the study's findings are based on accurate and reliable data, thereby enhancing the validity of the research.

Methods of Data Collection

The data utilized in this study was exclusively derived from secondary sources, specifically panel data, to examine the relationship between variables.

Technique for Data Analysis and Model

The study employed dynamic panel regression as a data analysis technique. Before employing dynamic panel regression as a data analysis technique, the following assumptions were met. The relationship between the dependent and independent variables is linear. No perfect multicollinearity. The error terms have constant variance. No serial correlation. The regressors are not correlated with the error term. To account for specific and temporal effects before utilizing the dynamic panel model, Fixed effects were included to control for time-invariant characteristics of the firms that could influence the dependent variable. This helps in isolating the effect of board characteristics on market value. Time dummies were added to the model to control for temporal effects A lagged dependent variable was included to capture the dynamic nature of the relationship and account for past values influencing current market value. Instrumental variables were used to address potential endogeneity issues, ensuring that the regressors are exogenous. Given the longitudinal data spanning ten years (2013-2022), this approach helps in understanding how past market values impact current market values while considering board characteristics as explanatory variables.

Model specification

The basic panel econometric form of the model is therefore given by:

$$MV_{it}=\alpha 0+\gamma 1MV_{it}-1+\gamma 2MV_{it}-2+\beta 1BI_{it}+\beta 2BEXP_{it}+\beta 3FD_{it}+\beta 4BR_{it}+\beta 5FS_{it}+\mu i+\epsilon_{it}$$

Where:

MV= Market value of firm i at time t

β0= Intercept

MVit 1 indicates one lag of the dependent variable MV (previous year market value),

$MV_{it}2$ denotes second lag of the dependent variable, representing market value i the year before previous year.

β1 to β5 = coefficient of slop or regression coefficient

BI= Board Independence for firm i at time t

BEXP=Board expertise for firm i at time t

FD= Female director for firm i at time t

BR= Board Remuneration for firm i at time t

FS= Firm Size for firm i at time t

μ = Firm – specific effect (unobserved heterogeneity)

Table 3.2

Measurement of Variables

S/n	Variables	Variables measurement	Source
1	MV Dependent Variable	Market Value of Equity - Total Invested Capital. Where: Market Value of Equity = Total market value of all outstanding shares of the company's common stock , Total Invested Capital = Total shareholder equity + Total debt	Behera (2020)
2	BI Independent Variable	Measured by the proportion of independent directors to the total number of board members.	Cavaco et al. (2015)
3	BFE independent Variable	Measured by the number of board members with professional qualifications or significant experience in finance or accounting.	Irianto & Anugerah (2018)
4	Female Directors	The percentage of female directors of the total number of directors on the board of a company	Chatterjee & Nag (2023)
5	Board remuneration	Measured by the natural log (In) of the total remuneration given to board members.	Deschenes et al . (2015)
6	Firm Size	Natural Log of total assets.	Uwegbei et al. (2015)

Researcher's Computation, 2024

4.0 Result and Discussions

In this section results are presented and discussed in the light of the research findings. First, a set of descriptive statistics are presented, then followed by the regression results.

Table 4.1

Descriptive Statistics

Variables	Mean	Std. Dev.	Min	Max
MV	3.819656	3.076096	.5054945	22.97504
BI	.2008232	.0723396	.0769231	.5
BEXP	.1861332	.1071936	.0714286	.5
FD	.1871143	.162425	0	.5555556
BR	3.985247	.5455191	1.69897	4.732394
FS	7.672151	1.126939	4.193848	9.800101

Source: Stata Output, 2024

The mean market value of the firms in the sample is approximately 3.82. This mean provides an average measure of the market value across the firms. The standard deviation measures the dispersion or spread of the market values around the mean. A standard deviation of approximately 3.08 indicates that the market values of the firms vary significantly around the mean. This high level of variation suggests substantial differences in market valuations among the firms in the sample.

Board independence which is a proxy measuring the Percentage of independent directors on the board of the firm averages approximately .2008232 of the board of directors. On average, approximately 20.08% of the board of directors are independent directors. This means that, on average, one in five board members is an independent director, indicating a moderate level of independence in board composition across the firms in the sample. The standard deviation of approximately 7.23% indicates the variability in the percentage of independent directors among the firms. This level of variation suggests that while some firms have board compositions close to the average, there are notable differences across the sample. The lowest percentage of independent directors on the board of any firm in the sample is about 7.69%. This implies that at least one firm has a very low level of board independence, with fewer than one in ten directors being independent. The highest percentage of independent directors on the board of any firm in the sample is 50%. This indicates that in the firm with the highest board independence, half of the board members are independent directors, which is a significant proportion.

The board expertise is measured by the proportion of Board of Directors who have qualification in accounting and/or finance to total Board of Directors. From the table, the Board expertise has a mean of .1861332, a minimum of .1071936 and a maximum of 0.5000. This indicates that in each board of the sampled companies there is at least one board member with qualification in accounting and/or finance.

The mean value of .1871143 indicates that, on average, the boards exhibit a moderate level of gender diversity. This suggests that a portion of the board members are female, contributing to a more inclusive and diverse governance structure. The accompanying standard deviation of.162425 points to the extent of variability in the gender diversity levels across the sample companies. The minimum FD value of 0 indicates that there are firms without any female

representation on their boards. On the other hand, the maximum value of 0.5555556 suggests that some firms have a substantial proportion of female members on their boards.

Furthermore, board remuneration has a mean value of 3.985247. This implies that the average director remuneration of the sampled firms is N4 million. BR also has a standard deviation of .5455191.The standard deviation signifies that the director remuneration of the sampled firms are dispersed, as can be further affirm by the minimum board remuneration of 1.69897 and a maximum of 4.732394.

Furthermore, firm size has a mean value of 7.672151. This implies that the average size of the sampled firms is N7.63 billion. FS also has a standard deviation of 1.126939. The standard deviation signifies that the sizes of the sampled firms are dispersed, as can be further affirmed by the minimum size of 4.193848 and a maximum of 9.800101.

Table 4.2

Correlation Matrix

	MV	BI	BEXP	FD	BR	FS
MV	1.000					
BI	-0.003	1.000				
BEXP	0.142	0.212	1.0000			
FD	0.107	-0.083	-0.068	1.000		
BR	0.105	0.1095	0.009	0.122	1.000	
FS	0.066	0.286	0.144	0.283	0.016	1.000

Source: Stata Output, 2024

Table 4.2 presents the correlation of the variables under study. The board independence has a negative relationship with market value coff of -0.003. This suggests that changes in the proportion of independent directors on the board have almost no impact on the market value of the firms in the sample. The correlation coefficient of 0.142 suggests a weak positive relationship between board expertise and market value. An increase in the proportion of board members with qualifications in accounting and/or finance is slightly associated with an increase in the market value of the firms. However, the strength of this relationship is limited. The correlation coefficient of 0.107 indicates a weak positive relationship between the presence of female directors and market value. This implies that a higher proportion of female board members is modestly associated with a higher market value, though the relationship is not strong. The correlation coefficient of 0.105 suggests a weak positive relationship between board remuneration and market value. Higher remuneration for board members is slightly associated with higher market value, but the impact is minimal. The correlation coefficient of 0.066 indicates a very weak positive relationship between firm size and market value. This suggests that larger firm size is marginally associated with higher market value, but the relationship is not strong.

The serial correlation tests enhance the understanding of autocorrelation patterns in the model, guiding potential adjustments and reinforcing the model's reliability, particularly in the absence of second-order autocorrelation. The AR (1) and AR (2) tests yield coefficients of 3.88 and 1.25 respectively. The AR (1) statistic's p-value of 0.000 suggests the presence of first-order autocorrelation in the model. On the other

Table 4.3

First and Second Order Serial Correlation Test

AR(1) z = -3.88	Pr > z = 0.000
AR(2) z = -1.25	Pr > z = 0.212

The serial correlation tests enhance the understanding of autocorrelation patterns in the model, guiding potential adjustments and reinforcing the model's reliability, particularly in the absence of second-order autocorrelation. The AR (1) and AR (2) tests yield coefficients of 3.88 and 1.25 respectively. The AR (1) statistic's p-value of 0.000 suggests the presence of first-order autocorrelation in the model. On the other hand, the AR (2) statistic's p-value of 0.212 implies a lack of second-order autocorrelation. This implies that the AR tests provide no indications of misspecification. This collection of evidence strongly validates the model's reliability.

Table 4.4

Sargan test

Sargan test of overid. restrictions: chi2(8) = 12.96	Prob > chi2 = 0.113

The non-significant p-value of 0.113 obtained from the Sargan test reinforces the credibility of the employed instruments in the estimation process.

Table 4.5

Dynamic Panel Regression Results for Model

Variable	Coef.	Std. Err.	z	P>|z|
MV				
L1.	.0822883	.0720587	1.14	0.253
L2.	.1481539	.0628183	2.36	0.018
BI	-.0907199	.0446872	-2.03	0.042
BEXP	.4205364	.1012425	4.15	0.000
FD	.5328069	.2269475	2.35	0.019
BR	.2570105	.1633266	1.57	0.116
FS	.0721579	.0325664	2.22	0.027
Wald chi2(9) = 53.02				0.000

Regression Result from Output STATA

Based on the insights presented in Table 4.5, several important findings can be drawn. The Wald chi-square statistic, which holds a p-value of 0.000, underscores the notion that the model is a well-fitting representation of the data. in a dynamic panel regression context, where lagged values of the dependent variable are included as explanatory variables to account for potential time dependencies

or autocorrelation. The lagged variable L1 has a coefficient of 0.0822883, but the associated p-value of 0.253 suggests that this coefficient is not statistically significant. Therefore, the immediate past value (lagged by one period) does not significantly predict or impact the current mv. On the other hand, the lagged variable L2 has a coefficient of 0.1481539, and the associated p-value of 0.018 indicates statistical significance at a conventional threshold (0.05). This suggests that the coefficient for L2 is statistically significant. In practical terms, we have enough evidence to conclude that the variable lagged by two periods (further back in time) has a significant impact on the current MV. This suggests that historical performance from two periods ago plays a crucial role in influencing the current market value, providing valuable insights for firms and investors in understanding and modeling market value dynamics.

The coefficient of board independence (BI) reveals a negative but significant impact on market value since the coefficient is -.0907199 and p- value is 0.042. This implies that for every 1% increase in BI there is a resulting 9% decrease in market value with statistically significant evidence. Independent directors, despite their objectivity, might lack detailed firm-specific knowledge compared to internal directors. This can result in less effective strategic decisions, impacting market value adversely. However, too many independent directors might hinder decision-making processes or lead to excessive monitoring costs. The analysis provides robust evidence for rejecting the null hypothesis one.

From the table 4.5, board financial expertise (BFE) has a coefficient of .4205364 and p- value of 0.000 which explain a positive significant effect on market value. This indicates that for every 1% increase in board financial expertise, there is an associated 42% increase in market value, holding other factors constant. Directors with financial expertise bring valuable skills and knowledge to the board, enabling more informed and effective decision-making. This can lead to better financial performance and strategic decisions that positively impact market value. The comprehensive result presented in the analysis furnish substantial evidence for the rejection of the null hypothesis two.

The female director (FD) coefficient shows a positive significant effect on market value as the coefficient is .5328069 and p- value of 0.019. This indicates that for every 1% increase in the proportion of female directors on the board, there is an associated 53.28% increase in market value, holding other factors constant. The presence of female directors' signals to investors that the firm values diversity and inclusion, which is increasingly seen as a positive attribute in corporate governance. Firms with gender-diverse boards are often perceived as being more progressive and well-governed, which can positively influence market perception and investor behavior. The study therefore, has enough evidence to reject the null hypothesis three.

The coefficient of board remuneration (BR) reveals a positive insignificant impact on market value since the coefficient is .2570105 and p- value 0.116. This indicates that for every 1% increase in board remuneration, there is an associated 25.7% increase in market value, holding other factors constant. The insignificant effect suggests that higher board remuneration may not be perceived as adding value to the firm. Investors might view increased remuneration as a cost that does not necessarily correlate with improved firm performance or market value. Thus, the study fails to rejects the null hypothesis four.

The analysis reveals that firm size also contributes to market value. The beta coefficient for firm size is measured at .0721579, with a probability value of 0.027. Larger firms are often perceived as having greater stability, resources, and market influence, which can lead to higher market value. Investors may favor larger firms due to perceived lower risk and higher potential for growth and profitability.

5.0 Conclusion and Recommendations

This study examined the effect of board characteristics on market value of listed consumer goods firms in Nigeria focusing on variables such as board independence, financial expertise, female directors, board remuneration, and firm size. Key findings and conclusions include:

The analysis indicated a significant negative effect of board independence on market value. This implies that higher levels of board independence may not necessarily correlate with higher market valuations.

Board financial expertise demonstrated a significant positive effect on market value, highlighting the importance of financial acumen in enhancing decision-making and governance effectiveness.

Female directors showed a significant positive impact on market value, underscoring the value of gender diversity in governance structures for improving firm performance and investor perception.

Board remuneration was found to have a positive but statistically insignificant impact on market value, suggesting a need for firms to carefully align compensation policies with performance metrics and shareholder interests.

Recommendations

Based on these conclusions, the following recommendations are proposed to enhance the market value of listed consumer goods firms in Nigeria:

The Financial Reporting Council of Nigeria (FRCN) should reassess the guidelines related to board independence to strike a balance between independence and effectiveness. Consider industry-specific factors and empirical evidence to revise thresholds or criteria for independence.

The FRCN should also develop robust governance guidelines that emphasize the role of boards in financial oversight. Clarify responsibilities related to financial controls, audits, and compliance.

The Financial Reporting Council of Nigeria (FRCN) should implement policies that promote gender diversity in governance structures. These policies will not only improve firm performance but also enhance investor perception and confidence.

The Financial Reporting Council of Nigeria (FRCN) should mandate that a significant portion of board remuneration is tied to clearly defined performance metrics such as financial performance, shareholder returns, and achievement of strategic goals.

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