IMPACT OF CORPORATE GOVERNANCE MECHANISMS ON FIRM VALUE OF LISTED MANUFACTURING FIRM IN NIGERIA

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Abstract
This study examined the effect of corporate governance mechanisms on the firm value of listed manufacturing firms in Nigeria. Specifically, it investigated the effects of board independence, audit committee independence, and institutional ownership on firm value measured by Tobin's Q. The study adopted an ex post facto research design and used secondary data obtained from the annual reports and financial statements of 20 purposively selected manufacturing firms listed on the Nigerian Exchange Group over the period 2015-2024. Data were analysed using descriptive statistics, correlation analysis, analysis of variance, and regression analysis. The findings revealed that board independence had a positive and statistically significant effect on firm value. Institutional ownership also exerted a positive and significant effect and recorded the strongest relative influence among the governance variables. Conversely, audit committee independence had a positive but statistically insignificant effect on firm value. The overall regression model was statistically significant, while the coefficient of determination showed that the governance mechanisms jointly explained approximately 70.1% of the variation in firm value. The study concluded that effective board oversight and active institutional ownership are important for enhancing the market value of listed manufacturing firms in Nigeria. It recommended that firms should maintain competent independent directors, encourage long-term institutional participation, and improve audit committee effectiveness through financial expertise and genuine operational independence. Regulatory authorities should also strengthen the monitoring and enforcement of corporate governance requirements among listed firms.

Keywords: Board independence, audit committee independence, institutional ownership, firm value, Tobin's Q.

1.0 Introduction

Corporate governance has become a central concern because of its implications for accountability, investor confidence, organisational performance, and firm value. Major corporate failures, including Enron, WorldCom, Parmalat, and Lehman Brothers, exposed weaknesses in board oversight, internal control, transparency, and managerial accountability. These failures reinforced the need for governance arrangements that protect stakeholder interests and promote sustainable value creation. Corporate governance describes the structures and processes through which companies are directed and controlled, with emphasis on accountability, fairness, and transparency (OECD, 2015).

The relevance of corporate governance is rooted in the separation of ownership and control. Under agency theory, managers may pursue personal objectives that conflict with shareholders' interests unless effective monitoring mechanisms are established (Jensen & Meckling, 1976). Governance mechanisms therefore constrain managerial opportunism, reduce information asymmetry, and align managerial decisions with stakeholders' expectations. Strong governance may also enhance firm value, which represents investors' assessment of a company's profitability, growth opportunities, risk, and sustainability. Tobin's Q captures this assessment by relating a firm's market value to the value of its assets. Transparently governed firms are generally considered less risky and may attract higher market valuation (Ehikioya, 2009).

This study focuses on board independence, audit committee independence, and institutional ownership. Board independence, reflected in the proportion of independent non-executive directors, is expected to strengthen objective judgement, managerial monitoring, and shareholders' protection. Independent directors can challenge executive decisions and reduce agency conflicts, although their effectiveness depends on competence, relevant information, and genuine autonomy (Fama & Jensen, 1983). Audit committee independence strengthens oversight of financial reporting, internal controls, and external audit. It may reduce earnings manipulation and improve the credibility of reported information (Klein, 2002). Institutional ownership may similarly enhance monitoring because institutional investors possess the expertise and influence to scrutinise management and demand accountability.

Although these mechanisms have generally been associated with improved corporate outcomes in developed markets, their effectiveness remains context dependent. Strong legal institutions and effective enforcement may enable independent boards, audit committees, and institutional investors to perform their monitoring roles successfully. In emerging economies, however, weak enforcement, concentrated control, institutional constraints, and passive investor participation may limit the value-enhancing effects of formally adopted governance structures (Claessens & Yurtoglu, 2013). Consequently, governance provisions may exist without producing the expected improvement in corporate behaviour or market valuation.

The Nigerian experience makes this issue particularly important. Corporate failures and accounting controversies, including those involving Cadbury Nigeria Plc and several financial institutions, heightened concerns about insider abuse, weak board oversight, earnings manipulation, and inadequate accountability. Regulatory responses included the Nigerian Code of Corporate Governance 2018, which emphasises board effectiveness, audit oversight, disclosure, and responsible ownership. Nevertheless, listed manufacturing firms operate amid enforcement challenges, ownership concentration, economic instability, and uneven institutional participation. These conditions may affect governance quality and market valuation.

The manufacturing sector is strategically important to Nigeria because of its contribution to industrialisation, employment, production, and economic diversification. Yet many manufacturing firms face weak profitability, unstable market performance, and declining investor confidence. Existing Nigerian evidence on the relationship between corporate governance and firm value is inconclusive. Some studies report that board and audit committee independence improve performance and valuation, whereas others find insignificant or negative effects, particularly for ownership-related variables (Sanda et al., 2010; Uwuigbe, 2011; Olayiwola, 2018; Okafor, 2020). Differences in sectors, periods, proxies, samples, and estimation methods partly account for these conflicting outcomes. Moreover, much of the earlier Nigerian literature concentrates on financial institutions, leaving contemporary evidence on listed manufacturing firms comparatively limited.
Against this background, this study examines the impact of board independence, audit committee independence, and institutional ownership on the firm value of listed manufacturing firms in Nigeria. Firm value is measured using Tobin's Q, while the analysis covers the period 2015–2024. The study adopts an ex post facto design and uses secondary data obtained from the annual reports of selected firms and relevant Nigerian Exchange Group publications. Descriptive statistics, correlation analysis, and regression techniques are employed to determine the individual and joint effects of the governance variables on firm value.

By providing sector-specific evidence within Nigeria's evolving governance environment, the study contributes to emerging-market literature. Its findings should assist boards and managers in promoting accountability and sustainable value creation, help investors in corporate governance quality into firm evaluation, and support regulators in strengthening governance standards and enforcement. Because the study is restricted to listed manufacturing firms and selected mechanisms, its conclusions should be generalised cautiously.

2.0 Empirical Review

This section reviews Nigerian evidence on the relationships between the three corporate governance mechanisms examined in the study and firm value. Particular attention is given to the samples, periods, estimation methods, outcome measures, and conclusions of prior studies. The review is organised thematically to permit comparison within each governance mechanism rather than merely listing studies chronologically. Because some researchers measure corporate outcomes with accounting indicators or financial reporting quality rather than market value, the discussion distinguishes these measures and considers how far their findings explain firm value measured by Tobin's Q. Each subsection begins with a brief conceptual explanation before synthesising the relevant empirical evidence.

Board Independence and Firm Value

Board independence refers to the extent to which a company's board comprises directors who are not involved in its daily management and do not maintain relationships that could materially impair their judgement. Independent directors are expected to provide objective oversight, challenge managerial decisions, protect shareholders' interests, and reduce agency conflicts. Their presence may therefore improve disclosure quality and investor confidence, although independence in form may not guarantee effective monitoring where directors lack expertise, information, commitment, or genuine autonomy.

Empirical evidence from Nigeria generally associates board independence with improved corporate outcomes, but the results are not uniform. Ehikioya (2019) examined listed Nigerian firms over 2010-2017 using multiple regression and reported a positive and significant relationship between board independence and firm performance, attributing it to stronger monitoring and reduced managerial opportunism. However, the cross-sector study relied on financial performance rather than a market-based measure and may conceal sector-specific investor responses.

Evidence from regulated financial sectors also supports independent oversight. Olawale, Adamu, and Kanwai (2019) analysed 12 listed banks over 2009–2018 with random-effects regression and found that board independence positively affected financial performance through stronger monitoring and risk management. Mohammed and Kurawa (2021) similarly found that board independence improved the value of listed insurers over 2011-2019 through higher earnings quality and reporting transparency. However, the intensive regulation of banks and insurers limits the direct transferability of these conclusions to manufacturing firms.

Sector-specific evidence is mixed. Ogunsola (2023) studied ten consumer-goods firms over 2012-2021 using Generalised Least Squares and found a positive and significant influence on firm value, suggesting that investors reward effective independent oversight. Conversely, Adinoge, Adamu, Idowu, and Adisa (2025) examined 23 manufacturing firms over 2012-2022 and reported a negative and significant effect on return on assets. They argued that excessive independence could weaken managerial flexibility. The contradiction may reflect the use of market value by Ogunsola

(2023) and accounting performance by Adinoge et al. (2025), or differences in director competence and information access.

Overall, positive findings dominate, but contrary evidence shows that merely increasing independent directors may not improve outcomes. Differences in sectors, periods, and performance measures complicate comparison. Analysis of manufacturing firms using Tobin's Q is therefore needed to determine whether board independence is reflected in contemporary market valuation. We therefore hypothesized thus: H_{01}: Board independence has no significant effect on the firm value of listed manufacturing firms in Nigeria.

Audit Committee Independence and Firm Value

Audit committee independence represents the proportion of committee members who are free from managerial influence and capable of exercising objective judgement over financial reporting, internal control, risk management, and external audit. An independent audit committee can constrain earnings manipulation, improve the credibility of corporate disclosures, and reduce information asymmetry between managers and investors. Its effectiveness, however, also depends on members' financial expertise, diligence, access to information, and willingness to challenge management.

Nigerian studies largely report beneficial effects, although they examine reporting quality and profitability more often than firm value. Eyenubo, Mohammed, and Aliyu (2017) used Ordinary Least Squares and found that audit committee independence improved reporting quality through greater transparency and monitoring. Oyedokun, Olatunji, and Inuwa (2020) similarly reported a positive and significant relationship among consumer-goods firms over 2011–2019. While better reporting may improve investor confidence, neither study directly tested this market-value channel.

Recent evidence reinforces this view. Abdullahi and Ibrahim (2024), using panel regression on eight commercial banks over 2013–2022, found significant improvements in reporting quality through stronger oversight and reduced earnings manipulation. Azeez (2024) analysed 75 non-financial firms over 2013–2022 with robust regression and found that independent audit committees improved return on assets. However, combining industries may obscure the distinctive governance challenges of manufacturers.

Not all evidence is positive. Majiyebo, Okpanachi, Nyor, Yahaya, and Mohammed (2019) studied 15 listed deposit money banks from 2007 to 2016 using panel regression and found that audit committee independence had a negative but significant effect on financial reporting quality, while committee size was positive but insignificant. This unexpected result implies that formal independence alone may be insufficient and could become ceremonial where members lack relevant expertise, adequate time, or access to information. It may also reflect differences in the measurement of reporting quality or the governance conditions prevailing during the study period. Importantly, the recommendation for greater committee independence does not follow automatically from a negative coefficient unless improvements in competence and practical autonomy accompany the structural change.

Thus, audit committee independence may enhance reporting and performance, but its direct effect on market valuation remains underexamined. The dominant use of reporting quality or return on assets and the focus on financial institutions justify testing whether investors value independent audit committees in manufacturing firms. We hypothesized as follows: H_{03}: Audit committee independence has no significant effect on the firm value of listed manufacturing firms in Nigeria

Institutional Ownership and Firm Value

Institutional ownership is the proportion of a company's equity held by organisations such as pension funds, insurance companies, mutual funds, banks, and investment firms. Because institutional investors usually possess substantial holdings, professional expertise, and access to information, they may monitor management more effectively than dispersed individual shareholders. Their influence may reduce agency costs, improve strategic discipline, and enhance firm value. However, institutional owners may remain passive, maintain business relationships with management, or emphasise short-term returns, thereby weakening their expected monitoring role.

The Nigerian evidence reviewed is consistently positive. Adebiyi and Olowookere (2016) used panel regression on manufacturing firms over 2010-2015 and found that institutional ownership improved financial performance through stronger monitoring and reduced managerial opportunism. However, the short and earlier period may not reflect later changes in pension-fund participation, governance regulation, and market conditions.

Other sectors report comparable outcomes. Suleiman, Yahaya, and Mohammed (2018) found a positive relationship between institutional ownership and return on assets in banks over 2011–2017. Bello and Abdulrahman (2021) similarly reported that institutional shareholding improved industrial-goods firms' performance over 2012-2020 by strengthening discipline and reducing agency conflicts. These results support active monitoring, although accounting profitability may not reveal whether the market attaches a valuation premium to institutional ownership. Ogunsola's (2023) Generalised Least Squares analysis of ten consumer-goods firms over 2012-2021 found a positive and significant effect on firm value, indicating that institutional participation may signal stronger governance. Azeez (2024) also found improved return on assets among 75 non-financial firms over 2013-2022. Together, these studies suggest that institutional investors can improve internal performance and market perception.

Despite the consistency of the reported coefficients, important questions remain. Existing studies differ in sectoral coverage, outcome measures, estimation techniques, and observation periods. Several use accounting returns instead of Tobin's Q, while those examining firm value focus on relatively small samples or particular subsectors. Moreover, positive ownership coefficients do not reveal whether institutions actively participate in governance or merely select firms that already have superior prospects. A contemporary manufacturing-sector analysis can therefore clarify whether institutional ownership retains a significant association with firm value after accounting for other governance mechanisms. We therefore hypothesized thus: H_{03}: Institutional ownership has no significant effect on the firm value of listed manufacturing firms in Nigeria

Gap in the Empirical Literature

The reviewed literature establishes plausible links between board independence, audit committee independence, institutional ownership, and corporate outcomes in Nigeria, but it leaves conceptual, sectoral, measurement, and methodological gaps. First, many studies employ accounting-based indicators such as return on assets, return on equity, or financial reporting quality. These measures capture historical internal performance but do not fully represent investors' expectations concerning growth, risk, and future cash flows. Evidence based on Tobin's Q remains comparatively limited.

Second, a substantial portion of the literature concentrates on banks and insurance companies, whose regulatory structures and operating risks differ from those of manufacturing firms. Studies that combine several industries may equally suppress meaningful sectoral variation. Third, the findings on board and audit committee independence are not entirely consistent, while the uniformly positive institutional-ownership findings may partly reflect differences in model specification or investor selection effects. Finally, several studies use earlier or relatively short periods and examine governance mechanisms separately, making it difficult to assess their joint influence under Nigeria's evolving governance framework.

Accordingly, the present study examines the individual and combined effects of board independence, audit committee independence, and institutional ownership on the firm value of listed manufacturing firms in Nigeria over 2015-2024. By using Tobin's Q and focusing on a strategically important non-financial sector, the study provides more recent and market-oriented evidence on whether these governance mechanisms enhance corporate valuation in Nigeria

Theoretical Review

Agency Theory was developed by Jensen and Meckling (1976) to explain the relationship between shareholders, as principals, and managers, as agents appointed to manage corporate resources. The theory assumes that the separation of ownership and control may enable managers to pursue personal interests at the expense of shareholders, thereby creating agency conflicts and costs. Corporate governance mechanisms are consequently required to monitor managerial conduct, reduce information asymmetry, and align managerial decisions with shareholders' wealth-maximisation objectives. Board independence strengthens objective supervision of management; audit committee independence enhances the credibility of financial reporting and internal control; while institutional investors possess the resources and incentives to monitor managerial decisions. Agency Theory is therefore relevant to this study because these mechanisms can reduce managerial opportunism, improve accountability and investor confidence, and ultimately enhance the value of listed manufacturing firms in Nigeria. Nevertheless, the theory has been criticised for portraying managers as inherently self-interested and for placing excessive emphasis on shareholders' wealth while giving insufficient attention to trust, ethical conduct, social responsibility, and the interests of other stakeholders.

Stewardship Theory was advanced by Davis, Schoorman, and Donaldson (1997) as an alternative perspective to Agency Theory. It proposes that managers are not necessarily opportunistic agents but responsible stewards whose interests may naturally align with the objectives of shareholders and the organisation. Managers may be motivated by achievement, professional recognition, responsibility, organisational commitment, and long-term corporate success rather than personal financial benefits alone. From this perspective, governance structures should promote trust, collaboration, empowerment, and managerial autonomy while providing appropriate strategic guidance. Board independence may bring objective advice and expertise, while regular interaction between directors and management can support effective planning and decision-making. Institutional investors may also encourage long-term strategies and organisational stability rather than merely exercising disciplinary control. Applied to Nigerian manufacturing firms, the theory suggests that supportive relationships among managers, directors, and institutional shareholders can improve operational efficiency and firm value. However, Stewardship Theory has been criticised for being overly optimistic because it underestimates the possibility of managerial misconduct,

excessive compensation, empire-building, and misuse of corporate resources. It consequently provides an inadequate explanation of why formal monitoring mechanisms may remain necessary.

Stakeholder Theory was developed by Freeman (1984) and argues that corporations should create value not only for shareholders but also for employees, customers, suppliers, creditors, government, host communities, and other groups affected by corporate activities. The theory maintains that sustainable corporate success depends on balancing these diverse interests through responsible, transparent, fair, and ethical management. Corporate governance mechanisms can support this objective by ensuring that corporate decisions and disclosures consider the legitimate expectations of different stakeholders. Board independence may promote objective decisions and protect minority shareholders, while audit committee independence can improve the reliability of financial information required by investors, creditors, regulators, and employees. Institutional investors may further encourage responsible corporate practices and long-term sustainability through active participation in governance. In Nigerian manufacturing firms, such governance practices may strengthen corporate reputation, stakeholder trust, access to resources, and market confidence, thereby enhancing firm value. The principal criticism of Stakeholder Theory is that it does not provide a precise framework for prioritising competing stakeholder interests. It may therefore make managerial accountability difficult because organisational success cannot always be assessed through a single, clearly defined objective.

Resource Dependence Theory was developed by Pfeffer and Salancik (1978) and proposes that organisations depend on their external environment for critical resources required for survival, competitiveness, and growth. Boards of directors therefore perform more than a monitoring function; they connect firms to expertise, information, finance, legitimacy, business opportunities, and strategic networks. From this perspective, independent directors can contribute specialised knowledge, professional experience, credibility, and external relationships that strengthen strategic decision-making. Institutional investors may also provide financial stability, market legitimacy, information, and access to investment networks, while independent audit committees enhance the credibility of corporate reporting and facilitate access to external finance. Resource Dependence Theory is particularly relevant to listed Nigerian manufacturing firms, which frequently require capital, technology, market information, regulatory support, and strategic partnerships to operate successfully in a challenging business environment. Governance structures that improve access to these resources may consequently enhance competitiveness and firm value. However, the theory has been criticised for concentrating primarily on external resource acquisition while giving insufficient attention to internal agency conflicts, managerial opportunism, accountability, and the monitoring responsibilities of corporate boards.

This study is principally anchored on Agency Theory because it provides the most direct explanation of how board independence, audit committee independence, and institutional ownership may influence the firm value of listed manufacturing firms in Nigeria. The three explanatory variables are fundamentally monitoring mechanisms intended to reduce the consequences of the separation of ownership and control. Independent directors monitor managerial decisions, independent audit committee members strengthen financial reporting oversight, and institutional investors exercise ownership-based monitoring. By reducing information asymmetry, managerial opportunism, agency costs, and the risk of financial manipulation, these mechanisms are expected to strengthen accountability, increase investor confidence, and enhance firm value measured by Tobin's Q. Stewardship, Stakeholder, and Resource Dependence theories provide useful complementary explanations relating to managerial trust, broader stakeholder interests, and access to external resources. Nevertheless, Agency Theory offers the clearest alignment with the

study's variables, research objectives, and market-based measure of firm value; it is therefore adopted as the underpinning theory.

3.0 Methodology

The study adopted an ex post facto research design because it relied on historical data that had already occurred and could not be manipulated by the researcher. The design is appropriate for examining the relationship between corporate governance mechanisms and firm value using information contained in published annual reports and financial statements (Kothari, 2004). The population comprised approximately 30 manufacturing firms listed on the Nigerian Exchange Group across the consumer goods, industrial goods, and conglomerate sectors. Using purposive sampling, 20 firms were selected based on continuous listing, availability of complete annual reports, consistency of financial information, and accessibility of the required governance and market data. The study covered the ten-year period from 2015 to 2024, yielding an expected balanced panel of 200 firm-year observations. Secondary data were obtained from the annual reports and accounts of the selected firms, Nigerian Exchange Group publications, Securities and Exchange Commission publications, and relevant financial databases.

The econometric model was specified as: $FV_{it} = \beta_0 + \beta_1 BI_{it} + \beta_2 ACI_{it} + \beta_3 IO_{it} + \varepsilon_{it}$

where (FV) represents firm value, (BI) represents board independence, (ACI) represents audit committee independence, (IO) represents institutional ownership, (β_0) is the constant, (β_1- β_3) are the coefficients, (i) represents the individual firms, (t) represents the study period, and ε is the error term. Consistent with theoretical expectations, board independence, audit committee independence, and institutional ownership were expected to exert positive effects on firm value.

Table 1:
Measurement of variables

Variable	**Measurement/Proxy**	**Sources**	**Apriori Expectation**
Dependent Variable			
Firm Value (FV)	Tobin's Q = Market Value of Equity + Book Value of Liabilities ÷ Total Assets	Aigienohuwa & Irowa-Omoregie, (2025b); Ehikioya (2009); Sanda, Mikailu, and Garba (2010)	
Independent Variables			
Board Independence (BI)	Ratio of independent non-executive directors to total board size	Fama and Jensen (1983); Olawale, Adamu, and Kanwai (2019)	Positive (+)
Audit Committee Independence (ACI)	Proportion of independent audit committee members to total audit committee size	Aigienohuwa & Irowa-Omoregie, (2025a); Klein (2002); Majiyebo et al. (2019)	Positive (+)
Institutional Ownership (IO)	Percentage of shares held by institutional investors	Shleifer and Vishny (1997); Ogunsola (2023)	Positive (+)

Source: Authors' Compilations

Firm value, the dependent variable, was measured using Tobin's Q, calculated as the sum of the market value of equity and book value of liabilities divided by total assets. Board independence was measured as the proportion of independent non-executive directors to total board size. Audit committee independence was measured as the proportion of independent members to total audit committee membership, while institutional ownership was measured as the percentage of outstanding shares held by institutional investors.

The data were analysed using descriptive statistics, correlation analysis, and panel regression techniques. The descriptive statistics comprised the mean, standard deviation, minimum, and maximum values, while correlation analysis established the direction and strength of association among the variables. Pooled ordinary least squares, fixed-effects, and random-effects models were estimated. The Hausman specification test was employed to select the more appropriate model between the fixed-effects and random-effects estimations.

4.0 Results and Discussions

In this section the data of the study was analyzed, interpreted and discussed. Descriptive Statistics such as mean, minimum, maximum and standard deviation was used to summarieze the data of the study.

Descriptive Statistics

Table 4.1 Descriptive Statistics

Variables	Mean	Minimum	Maximum	Std. Dev
FV	0.581639	0.329981	0.780027	0.0411
BI	0.261002	0.181349	0.488127	2.5643
ACI	0.017302	0.006498	0.027134	1.4388
IO	0.29786	0.13908	0.368124	0.5511

Source: Author's computation, 2026.

Table 2 presents the descriptive statistics for firm value and the corporate governance variables. Firm value recorded a mean of 0.5816, ranging from 0.3300 to 0.7800, with a standard deviation of 0.0411, indicating limited variation among the sampled firms. Board independence averaged 0.2610, suggesting that independent directors constituted approximately 26.1% of board membership. Audit committee independence recorded a mean of 0.0173, while institutional ownership averaged 0.2979, indicating that institutional investors held approximately 29.8% of the sampled firms' shares. Overall, the minimum and maximum values reveal differences in governance structures across the firms. However, the reported standard deviations for board independence (2.5643), audit committee independence (1.4388), and institutional ownership (0.5511) are inconsistent with their respective ranges and should be verified before interpretation.

Correlation Analysis

Table 3: ***Correlation Matrix***

Probability	FV	BI	ACI	IO
FV	1.0000			
BI	1.1337	1.0000		
ACI	0.9917	0.1659	1.0000	
IO	2.3009	0.0360	0.1197	1.0000

Source: Author's computation, 2026.

Table 3 presents the relationships among firm value, board independence, audit committee independence, and institutional ownership. The correlations among the explanatory variables were weak: BI-ACI (0.1659), BI-IO (0.0360), and ACI-IO (0.1197). These coefficients are below the conventional multicollinearity threshold, indicating that the variables are sufficiently distinct for inclusion in the regression model. However, the reported correlations of firm value with board independence (1.1337), audit committee independence (0.9917), and institutional ownership (2.3009) require verification. Correlation coefficients must range from −1 to +1; therefore, 1.1337 and 2.3009 cannot be valid correlation coefficients. The results should be corrected before interpreting the direction and strength of the relationships with firm value.

Regression Summary

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df_1	df_2	Sig. F Change
1	0.752	0.701	0.652	2.294	0.559	6.251	4	13	0.004

Predictors: (Constant), Board Independence (BI), Audit Committee Independence (ACI), Institutional Ownership (IO); Dependent Variable: Firm Value (FV).
Source: Author's computation, 2026.

Table 4 presents the regression model examining the combined effect of board independence, audit committee independence, and institutional ownership on firm value. The RRR value of 0.752 indicates a strong collective relationship. The R^2 of 0.701 shows that the governance variables explained 70.1% of the variation in firm value, while the adjusted R^2 of 0.652 indicates substantial explanatory power after adjustment. The model was statistically significant at the 5% level (p=0.004p). However, the reported R^2 change of 0.559 and $df_1 = 4$ are inconsistent with the R^2 of 0.701 and three predictors; these values should be verified.

Table 5 ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	621.818	4	177.205	6.251	0.004
Residual	469.387	13	28.026		
Total	1091.205	17			

Source: Author's computation, 2026.

Table 5 presents the ANOVA result for the regression model. The reported F-statistic of 6.251 and probability value of 0.004 indicate that the model is statistically significant at the 5% level. Thus, board independence, audit committee independence, and institutional ownership jointly influence firm value. However, the table requires verification. The regression degrees of freedom should be 3, corresponding to the three predictors, rather than 4. Furthermore, the reported mean squares do not equal their respective sums of squares divided by the degrees of freedom. The total degrees of freedom of 17 also imply only 18 observations, which is inconsistent with the expected panel dataset. These errors should be corrected before publication.

Regression Coefficients

Table 6: Coefficients[a]

Model	Unstandardized Coefficients	Standard Error	Standardized Coefficients	t	Sig.
Constant	1.361	.361	.015	3.770	.000
Board Independence (BI)	2.783	.805	.115	3.457	.004
Audit Committee Independence (ACI)	1.218	.715	.103	1.703	.112
Institutional Ownership (IO)	3.753	.851	.562	4.410	.001

Source: Author's computation, 2026.

Table 6 shows that board independence had a positive and statistically significant effect on firm value (B=2.783, t=3.457, p=0.004). Institutional ownership also had a positive and significant effect (B=3.753, t=4.410, p=0.001) and recorded the largest standardised coefficient (Beta=0.562) indicating the strongest relative influence on firm value. Audit committee independence had a positive but statistically insignificant effect (B=1.218, t=1.703, p=0.112). Therefore, board independence and institutional ownership significantly enhanced firm value, whereas audit committee independence did not exert a significant effect at the 5% level.

Test of Hypotheses

The hypotheses were tested using the regression results presented in Table 6. At the 5% significance level, the null hypothesis was rejected where the p-value was less than 0.05; otherwise, it was not rejected.

Hypothesis One

H_{01} : Board independence does not significantly affect the firm value of listed manufacturing firms in Nigeria.

Board independence recorded a positive coefficient of 2.783, a t-statistic of 3.457, and a p-value of 0.004. Since the p-value was less than 0.05, the null hypothesis was rejected. Thus, board independence had a positive and statistically significant effect on firm value.

Hypothesis Two

H_{02} : Audit committee independence does not significantly affect the firm value of listed manufacturing firms in Nigeria.

Audit committee independence recorded a positive coefficient of 1.218, a t-statistic of 1.703, and a p-value of 0.112. Since the p-value exceeded 0.05, the null hypothesis was not rejected. Therefore, audit committee independence had a positive but statistically insignificant effect on firm value.

Hypothesis Three

H_{03} : Institutional ownership does not significantly affect the firm value of listed manufacturing firms in Nigeria.

Institutional ownership recorded a positive coefficient of 3.753, a t-statistic of 4.410, and a p-value of 0.001. Since the p-value was less than 0.05, the null hypothesis was rejected. Institutional ownership therefore had a positive and statistically significant effect on firm value.

Discussion of Findings

This study examined the impact of corporate governance mechanisms on the firm value of listed manufacturing firms in Nigeria using Board Independence (BI), Audit Committee Independence

(ACI), and Institutional Ownership (IO) as proxies for corporate governance mechanisms, while Firm Value (FV), measured by Tobin's Q, served as the dependent variable.

The findings of the study revealed that Board Independence (BI) had a positive and statistically significant effect on the firm value of listed manufacturing firms in Nigeria. This finding implies that firms with a higher proportion of independent directors on their boards tend to achieve higher market valuation. The result suggests that independent board members improve corporate oversight, reduce agency conflicts, and enhance managerial accountability, thereby increasing shareholders' confidence and firm value. The finding supports the Agency Theory propounded by Jensen and Meckling (1976), which argues that independent directors help reduce conflicts of interest between managers and shareholders through effective monitoring. The finding is consistent with the study of Uwuigbe and Olusanmi (2021), who found that board independence positively influenced firm value among listed firms in Nigeria. Similarly, Yermack (1996) reported that effective board structures improve organizational performance and market valuation.

The study also found that Audit Committee Independence (ACI) had a positive and statistically significant effect on the firm value of listed manufacturing firms in Nigeria. This indicates that firms with more independent audit committee members tend to experience improved market value. The finding suggests that independent audit committees strengthen financial reporting quality, improve internal control systems, and enhance corporate transparency, thereby increasing investors' confidence in the firm. The result aligns with the Stewardship Theory, which emphasizes the importance of governance structures in ensuring accountability and protecting shareholders' interests. The finding agrees with the study of Aanu and Owolabi (2020), who found that audit committee independence significantly improved corporate performance and financial reporting quality in Nigeria. Similarly, Klein (2002) reported that independent audit committees reduce earnings manipulation and improve firm credibility.

Furthermore, the result revealed that Institutional Ownership (IO) had a positive and statistically significant effect on the firm value of listed manufacturing firms in Nigeria. This finding implies that firms with higher institutional shareholding are likely to achieve higher market valuation. Institutional investors are generally perceived as sophisticated investors with the ability to effectively monitor managerial activities and influence corporate decisions. The finding supports the Stakeholder Theory, which argues that effective governance and active stakeholder participation improve organizational performance and long-term sustainability. The result is consistent with the findings of Shleifer and Vishny (1986), who argued that institutional investors improve corporate governance through active monitoring and managerial discipline. Similarly, Adebayo and Ibrahim (2022) found that institutional ownership positively influenced the market value of listed firms in Nigeria.

The overall regression result further revealed that corporate governance mechanisms jointly had a significant effect on the firm value of listed manufacturing firms in Nigeria. The coefficient of determination (R^2) showed that approximately 70.1% of the variation in firm value was explained by the combined influence of Board Independence, Audit Committee Independence, and Institutional Ownership. This indicates that corporate governance mechanisms play a major role in enhancing firm value and improving investors' confidence in listed manufacturing firms in Nigeria.

Overall, the findings of the study confirm that effective corporate governance mechanisms are essential for improving firm value, enhancing accountability, strengthening financial reporting

quality, and promoting sustainable corporate performance among listed manufacturing firms in Nigeria.

5.0 Conclusion and Recommendations

The study concludes that corporate governance mechanisms influence the firm value of listed manufacturing firms in Nigeria. Board independence and institutional ownership had positive and statistically significant effects on firm value, indicating that independent board oversight and active institutional participation strengthen managerial accountability, investor confidence, and market valuation. Audit committee independence had a positive but statistically insignificant effect, suggesting that independence alone may not enhance firm value without adequate financial expertise, diligence, and practical autonomy.

Listed manufacturing firms should maintain an appropriate proportion of competent independent directors and encourage greater participation by long-term institutional investors. Although audit committee independence was insignificant, firms should improve committee effectiveness by appointing financially knowledgeable members and ensuring genuine operational independence. The Securities and Exchange Commission, Financial Reporting Council of Nigeria, and Nigerian Exchange Group should strengthen compliance monitoring and promote governance practices that emphasise competence, transparency, ethical conduct, accountability, and the protection of shareholders' interests.

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