Taraba State University, Jalingo
Faculty of Management Sciences
ISSN NO. 1118-3527 for "Journal of Management Science Research and Contemporary Issues (JMSRCI)"
Vol 3 (2), 2026

# Effect of Board Structure on Firm Value of Listed Conglomerates Firms in Nigeria

ALBAN Ekiko & Prof Muhammad Akaro Mainoma

Department of Accounting, Nasarawa State University, Keffi

**ABSTRACT**

This study examines the effect of board structure on the firm value of listed conglomerate companies in Nigeria, with a focus on board expertise, board diversity, and board independence, while controlling for firm size. Using panel data from five listed conglomerates over a ten-year period from 2015-2024, the study employs a fixed effects regression model to account for firm-specific characteristics. The results reveal that board expertise, diversity, and independence all have positive and statistically significant effects on firm value, indicating that knowledgeable, diverse, and independent boards enhance strategic decision-making, governance quality, and investor confidence. Firm size was also found to positively influence firm value. Based on these findings, the study recommends that firms strengthen board competence, promote gender diversity, and ensure a higher proportion of independent directors to improve corporate governance and market valuation.

***Keywords: board structure, firm value, conglomerate companies***

## 1.0 Introduction

Firm value is the ultimate reflection of investor confidence in a company, representing how the market perceives its future prospects, governance quality, and capacity to manage risks effectively. Unlike accounting-based performance measures that focus on historical outcomes, firm value captures forward-looking expectations, making it a critical indicator of a company's long-term sustainability and strategic credibility. Companies with strong governance structures, effective oversight, and strategic foresight tend to enjoy higher market valuations, as investors interpret governance quality as a signal of managerial discipline, sound decision-making, and risk mitigation.

Globally, corporate governance reforms have increasingly recognised the critical role of board structure in enhancing firm value. Frameworks such as the OECD Principles of Corporate Governance highlight that effective boards not only monitor management and protect shareholder interests but also improve transparency and accountability, thereby reducing information asymmetry between managers and investors. Studies demonstrate that boards with diverse expertise and strong independent oversight enhance governance quality and positively influence market perception, especially in contexts with pronounced agency conflicts. Although much of the global literature focuses on developed economies, evidence from emerging markets indicates similar patterns, suggesting that board characteristics can serve as strong governance signals in contexts with less mature regulatory and enforcement mechanisms. Recent multi-country studies reveal that board independence and size are consistently associated with higher Tobin's Q, although the strength of these effects varies with the institutional environment (Campbell & Shrestha, 2021; Nguyen et al., 2022).

Regionally, studies indicate that effective board structures are vital in markets with evolving regulatory and investment frameworks. In contexts where institutional quality is still developing, boards with strong oversight functions help reduce perceived agency risk and signal management accountability to investors. Empirical studies in African markets, including Nigerian listed firms, demonstrate that board independence often positively affects firm value, reinforcing the importance of non-executive oversight in promoting investor confidence (Eze & Okafor, 2021; Adegboye & Ojo, 2023).

In Nigeria, the corporate governance landscape has been shaped by regulatory interventions from the Nigerian Exchange Group (NGX) and the Securities and Exchange Commission (SEC). As of 2024, over 160 companies are listed on the NGX, with a combined market capitalisation exceeding NGN 40 trillion, positioning Nigeria as one of sub-Saharan Africa's largest equity markets. In this context, the quality of governance has become a critical concern for both regulators and investors. Empirical studies of Nigerian listed firms indicate that board characteristics, particularly independence, are significantly associated with firm value, as measured by market capitalisation and Tobin's Q. However, the effects of gender diversity and other board features appear to vary across sectors and valuation proxies, highlighting the contextual complexity of governance-value linkages (Uwuigbe et al., 2022; Onwumere & Odo, 2023).

Despite these advances, there remains a notable gap in understanding how specific board structural attributes (board expertise, board diversity, and board independence) affect the market valuation of listed conglomerate firms in Nigeria. Conglomerates, with operations spanning multiple sectors, face unique strategic and operational challenges, demanding boards capable of oversight and industry-specific expertise. Yet many Nigerian conglomerates continue to exhibit governance weaknesses, including limited professional expertise among directors, low female representation, and insufficient proportions of independent directors. Such gaps may weaken strategic oversight, erode investor confidence, and ultimately impede firm value. Existing studies in Nigeria often focus on non-conglomerate firms, leaving a critical segment that contributes substantially to market capitalisation largely unexplored.

The scarcity of research on the relationship between board structure and firm value among Nigerian conglomerates highlights both an academic and practical problem. Without empirical evidence clarifying how board expertise, diversity, and independence influence firm value, corporate leaders and regulators may lack guidance for designing governance structures that enhance firm value. Given that firm value captures investors' forward-looking expectations about governance quality and future prospects information not reflected in traditional accounting performance metrics this study is motivated by the need to fill this gap. Empirically examining the effect of board structural attributes on firm value among listed Nigerian conglomerates will provide actionable insights for policymakers, corporate boards, and investors seeking to strengthen governance, enhance market confidence, and support sustainable value creation in emerging markets.

The study examined effect of board structure on firm value of listed conglomerates firms in Nigeria. Other specific objectives are to:

i. determine the effect of board expertise on firm value of listed conglomerates firms in Nigeria.
ii. evaluate the effect of board diversity on firm value of listed conglomerates firms in Nigeria.

iii. assess the effect of board independence on firm value of listed conglomerates firms in Nigeria.

## 2.1 Literature Review

### 2.1.1 Firm Value

The concept of firm value has evolved, with scholars offering various definitions and measurement approaches. Initially, firm value was primarily associated with shareholder wealth, focusing on metrics like stock prices and dividends. However, contemporary perspectives have expanded this view to encompass broader financial and non-financial indicators. According to Ghani et al. (2023), firm value reflects both past performance and future potential, serving as a predictor of business survival. They emphasize that a firm's value indicates how investors perceive the company's performance, with strong firm values attracting investors and boosting stakeholder confidence. This perspective aligns with Brigham and Houston (2015), who suggest that firm value is linked to the well-being of shareholders and is achieved by improving company performance.

Aydoğmuş et al. (2022) describe firm value as a comprehensive evaluation of a company's financial health, growth potential, and market standing, significantly influenced by external economic factors and internal management strategies. Margono and Gantino (2021) suggest that firm value encompasses both tangible and intangible assets, adjusted for market conditions and investor sentiment, offering a holistic perspective on a company's worth. Jihadi et al. (2021) define firm value as the cumulative effect of a company's financial stability, market reputation, and strategic direction, heavily influenced by socio-economic dynamics. Bon and Hartoko (2022) argue that firm value reflects both traditional financial metrics and unique market conditions, such as local consumer behavior and regulatory environments, which shape company growth. Qiu et al. (2021) highlight that firm value is closely tied to the firm's ability to navigate political instability, economic volatility, and infrastructure challenges while maintaining profitability. Salvi et al. (2021) emphasize that firm valuation is a continuous process, integrating operational efficiency, strategic management, and market trends to project future performance dynamically.

This study employs Tobin's Q (Q ratio) as a market-based performance measure to evaluate firm value. Tobin's Q is widely used in financial research because it provides a forward-looking assessment of a company's market valuation relative to its underlying assets. It is considered a reliable metric for capturing shareholders' expectations of future earnings streams, offering a comprehensive perspective on a firm's growth potential and market performance. The use of this metric highlights the importance of aligning firm valuation with market perceptions and future performance prospects.

### 2.1.2 Board Expertise

The specific expertise of board members, particularly in areas relevant to the firm's operations, is crucial for effective governance. Aidoo et al. (2024) demonstrated that board expertise positively and significantly influences the financial performance of manufacturing firms in Ghana. Similarly, Danso et al. (2024) found that a varied mix of professional expertise on corporate boards significantly enhances a company's return on assets, especially in younger and smaller firms. These findings highlight the value of having board members with relevant expertise to navigate complex business environments.

### 2.1.3 Board Diversity

The concept of board diversity as a governance dimension traces its origins to the late 20th century, spurred by growing societal demands for inclusivity in corporate leadership. For many years, corporate boards were predominantly homogeneous, with a significant overrepresentation of white males from similar socio-economic backgrounds. This lack of diversity limited the breadth of perspectives, experiences, and expertise available at the decision-making table, leading to concerns about the efficacy and representativeness of board decisions (Khatib et al., 2021). The early calls for diversification were part of broader social movements advocating for gender equality, racial justice, and greater representation of marginalized groups in leadership positions (Beji et al., 2021).

According to Khatib et al. (2021), board diversity refers to the broad inclusion of individuals from various demographic and professional backgrounds. However, they argue that the impact of such diversity on decision-making can vary depending on how well it is managed and integrated into the board's culture. Asad et al. (2023) believe that board diversity extends beyond gender and ethnicity to include professional experience and cognitive diversity. They emphasize that the true benefit of diversity is realized when these varied perspectives are strategically aligned with corporate objectives. Islam et al. (2022) contend that board diversity is often seen through the lens of gender and race, with a growing focus on ensuring underrepresented groups are included in decision-making processes. However, they point out that true diversity should also account for the diversity of thought and expertise within boardrooms. Beji et al. (2021) argue that board diversity primarily reflects the inclusion of individuals from different ethnic and gender backgrounds, which they believe helps improve representation and social equity. However, they caution that diversity should not be viewed as a one-dimensional concept, as it also encompasses professional expertise and strategic competencies.

### 2.1.4 Board Independence

Board independence refers to the presence of non-executive directors on a company's board who are free from any significant relationships with the firm, ensuring unbiased oversight and decision-making (Udoh et al., 2023). Independent boards are a cornerstone of good corporate governance, promoting transparency, accountability, and the alignment of management's actions with shareholder interests. By mitigating conflicts of interest, independent directors act as impartial mediators between management and shareholders, fostering trust and long-term value creation.

According to Al Amosh and Khatib (2022), board independence is a structural characteristic of a board where members are free from any influence or relationships with company management or major shareholders. The concept originated from corporate governance principles established in the early 20th century, aimed at protecting against managerial overreach. Initial discussions emphasized the need for independent directors to ensure board decisions were made with objective judgment, free from conflicts of interest. However, Al Amosh and Khatib highlight that the exact balance of independence varies across firms, with some scholars arguing that an excessive number of independent directors might result in a lack of expertise and understanding of the company's operations. Kanakriyah (2021) also defines board independence as the requirement for board members to make decisions free from personal or financial interests that could distort their judgment. The concept gained prominence in the 1990s as part of a broader effort to strengthen corporate governance frameworks following scandals like Enron.

## 2.2 Empirical Review

### 2.2.1 Board Diversity and Firm Value

Usengumuremyi et al. (2024) investigated the influence of board diversity on the performance of public institutions in Rwanda. The study adopted a descriptive and explorative design since its main purpose was to explain the effect of corporate board leadership practices on performance in public institutions in Rwanda. The target population for the study was 214 managers from 10 public institutions in Rwanda. Stratified random sampling technique was used to get a sample of 140 respondents who were selected from the top management and middle managers' staff. Data for the study was collected by use of questionnaires, interviews and observation using descriptive and inferential statistics to establish the relationship between the dependent and independent variables. Data collected was analyzed through SPSS version 21. Data analysis involved statistical computations for averages, percentages, and correlation and regression analysis. Ordinary least squares (OLS) regression method of analysis was adopted to determine the inferential statistics. The findings indicated strong agreement among respondents regarding the positive influence of diverse skills and expertise among board members on decision-making processes. Regression analysis further confirms the significant relationship between board diversity and the performance of public institutions in Rwanda. The results indicated a positive correlation between diversity and performance, with the regression model explaining up to 57.0% of the variations in institutional performance. The coefficients obtained from the regression analysis support the statistical significance of board diversity in explaining changes in organizational performance. Furthermore, hypothesis testing confirms the significant influence of board diversity on the performance of public institutions in Rwanda, as evidenced by the calculated p-value and t-statistic. Based on the findings, it is recommended that Rwandan policymakers prioritize initiatives aimed at promoting diversity within board leadership structures, including gender, ethnicity, and professional backgrounds, to foster inclusive decision-making environments.

Dimingu and Mogaji (2024) examined the critical role that corporate board dynamics play in driving organizational transformation within the framework of corporate governance. Their research delves into the complex interactions among board structures, the influence of diverse board members, and decision-making processes, providing a thorough exploration of how corporate boards can either facilitate or hinder transformative efforts. The study specifically focuses on how the composition of boards shapes strategic decision-making and influences the overall effectiveness of boards in steering organizational change. Through a synthesis of existing literature, the paper seeks to unravel the intricate dynamics at play within corporate boards during periods of transformation. It highlights the importance of understanding the internal workings of boards, especially in relation to how diversity and board composition impact governance practices. The study offers valuable insights into the strategic decision-making processes that drive organizational change and transformation. The findings aim to contribute to the broader discourse on corporate governance by providing perspectives that can help scholars, practitioners, and policymakers improve governance practices and navigate the evolving challenges in corporate governance and strategic change.

Issa et al. (2024) investigated the impact of educational diversity within bank boards on the efficiency and stability of banks in the Middle East and North Africa (MENA) region. The study distinguishes itself by also exploring the moderating effect of board gender diversity on the relationship between board educational diversity and bank performance. The research utilized a sample of 77 banks from the MENA region, spanning the period from 2011 to 2018. Using the ordinary least squares (OLS) method to assess the relationship between highly educated directors on bank boards and bank efficiency and stability, the study further addressed potential endogeneity concerns by employing the Generalized Method of Moments (GMM) technique. The findings revealed a positive association between the presence of directors with advanced educational qualifications on the board and enhanced bank efficiency and financial stability. Additionally, the study found that the inclusion of women on the board strengthened the positive impact of educational diversity, further highlighting the role of diverse perspectives in enhancing bank performance. This research highlights the significance of board diversity, both in terms of education and gender, as a key driver of improved operational efficiency and financial resilience in the MENA banking sector. The study contributes valuable insights into the broader discussion on the importance of diverse boards for sustainable business performance and stability in emerging markets.

Yang et al. (2024) analyzed the impact of diversity on the board of directors is most evident through the multi-breaks model and artificial neural networks. The input data for the simulation includes 853 electronic companies listed on the Taiwan Stock Exchange from 2000 to 2021. The empirical results show that the higher the percentage of female board members, the more influential the company's performance is, which is only evident when the company is in good business condition. By integrating ANNs with multi-breakpoint regression, this study introduces a novel approach to management research, providing a detailed perspective on how board diversity impacts firm performance across different conditions. The ANN results show that using the number of business board members for predicting Return on Assets yields the highest accuracy, with female board members following closely in predictive effectiveness. The presence of women on the board contributes positively to ROA, particularly when the company is experiencing favorable business conditions and high profitability. Our analysis also reveals that a higher percentage of male board members improves company performance, but this benefit is observed only in highly favorable and unfavorable business conditions. Conversely, a higher percentage of business members tends to affect performance during periods of high profitability negatively. The power of the board of directors and significant shareholders is positively correlated with performance, whereas CEO power positively impacts performance only when it is not extremely low. Independent board members generally do not have a significant effect on profits.

### 2.2.2 Board Expertise and Firm Value

Danso et al. (2024) investigated the impact of diversified board expertise on firm performance and the moderating roles of firm size and age. The study found that board expertise diversity significantly enhances return on assets (ROA), indicating improved operational efficiency and profitability. However, this diversity does not significantly affect market-based performance measured by Tobin's Q. The benefits of diverse board expertise were more pronounced in younger and smaller firms, while larger and older firms experienced fewer advantages, likely due to entrenched processes and limited adaptability. The study highlights the importance of aligning board expertise diversity with firm characteristics, supporting agency, resource dependence, and convergence theories. It recommends that corporate executives and practitioners implement diverse board expertise to enhance decision-making and performance, particularly in smaller, younger firms. For larger and older firms, optimizing existing governance practices may be more effective in sustaining performance.

Abusharbeh et al. (2023) conducted a study to assess the impact of board structure on firm value in Jordan. Using panel regression estimates, the researchers analyzed data from 44 non-financial firms listed on the Amman Stock Exchange over the period 2010–2021. A random effects model was employed, with Tobin's Q as the dependent variable and four independent variables—board size, independent directors, female directors, and CEO duality. Additionally, four control variables which are firm size, firm age, leverage, and liquidity, were included in the analysis. The findings revealed that CEO duality positively influences firm value in Jordan, demonstrating a direct relationship between the dual role of the CEO and improved firm performance. Surprisingly, none of the other independent variables exhibited a statistically significant impact on firm value, challenging the assumptions of agency theory and resource dependence theory. The study further highlighted that firm value is significantly affected by two control variables: firm size and leverage, both of which showed a positive impact at a 5% significance level. This suggests that larger firms and those with higher leverage tend to exhibit higher market valuations. The results indicate a lack of robust corporate governance practices among Jordanian listed firms, particularly in their efforts to maximize firm value. These findings highlight the need for policymakers in Jordanian firms to strengthen governance frameworks, enhance leadership qualities, and address potential agency conflicts by accommodating CEO roles effectively. The study provides valuable insights for improving corporate governance compliance and fostering long-term firm value in Jordan's corporate sector.

### 2.2.3 Board Independence and Firm Value

Kereišis (2024) analyzed how board structure impacts the financial performance of companies listed on the NASDAQ Baltic index. The study tested two hypotheses: first, a reversed U-shaped relationship between board size and company performance; and second, a positive relationship between board independence and performance. A simple linear regression model, deemed appropriate for exploring these relationships, was employed. Control variables, such as return on equity (ROE) and the debt-to-equity ratio (DE), were included to capture additional factors influencing company performance. The regression analysis found no significant evidence to support the proposed hypotheses, indicating that neither board size nor board independence had a measurable effect on firm performance. However, the control variables, particularly ROE and DE, showed significant associations with financial outcomes. Higher ROE and DE were linked to weaker financial performance, highlighting their importance over board structure in the studied companies. These findings highlight the critical role of financial management in driving performance among Baltic-listed firms, suggesting that companies should prioritize managing key financial metrics over structural adjustments to their boards to optimize results.

### 2.3.1 Agency Theory

Agency theory serves as an essential analytical framework for understanding the intricate relationship between board structure and the firm value of conglomerates firms. This theory elucidates the principal-agent dynamic, in which principals, such as shareholders, stakeholders, or citizens, delegate decision-making authority to agents, such as managers or public officials. In conglomerates firms, this dynamic extends to the relationship between government stakeholders or citizens as principals and public officials or bureaucrats as agents. Agency theory highlights the potential for conflicts of interest to arise when the goals and incentives of principals and agents diverge, creating agency problems such as moral hazard, where agents take unobserved actions that may harm principals, and adverse selection, where agents misrepresent their capabilities or intentions (Jensen & Meckling, 2016).

A cornerstone of agency theory is the understanding that agents often operate in their self-interest, which may conflict with the broader interests of principals. When the goals and utility of principals and agents align, agency problems are minimized, fostering a harmonious relationship. However, when these interests diverge, agents may prioritize their personal gains at the expense of principals, potentially leading to inefficiencies, poor decision-making, and a decline in overall organizational value. For example, self-serving behaviors by agents, such as misallocation of resources or lack of accountability, can undermine the organization's mission and objectives (Eisenhardt, 2019).

The composition and structure of the board of directors are critical mechanisms for addressing agency problems and promoting institutional performance. A well-structured board acts as a governance tool to monitor and guide the actions of agents, ensuring alignment with the organization's goals. Key factors such as board independence, diversity in composition, expertise, and leadership style directly influence the board’s ability to provide effective oversight, strategic guidance, and accountability mechanisms. Research has consistently shown that boards with a higher proportion of independent directors are better equipped to scrutinize management decisions, enhance transparency, and safeguard the interests of stakeholders. This reduces agency costs and enhances institutional performance by fostering a culture of accountability and ethical behavior (Hermalin & Weisbach, 2013).

In addition to its composition, the leadership style of the board significantly influences its effectiveness. Transformational leadership, characterized by visionary thinking, empowerment, and strategic alignment, has been linked to superior organizational outcomes. A board chairperson or CEO with transformational leadership qualities can inspire board members, encourage innovative solutions, and foster a sense of shared responsibility for achieving institutional goals. Such leadership helps drive strategic initiatives, promote a culture of accountability, and align the board's objectives with the broader organizational mission (Bass & Riggio, 2016).

However, the relationship between board structure and firm value is complex and context-dependent. Various factors, including organizational culture, regulatory frameworks, stakeholder expectations, and external pressures, moderate this relationship. For instance, a regulatory environment that emphasizes transparency and accountability may amplify the positive effects of board independence, while a weak regulatory framework may limit the board's effectiveness. Additionally, the impact of board composition and leadership may vary across industries, organizational sizes, and developmental stages, highlighting the need for a tailored approach to board governance (Zahra & Pearce, 2019).

Applying agency theory to board structure provides valuable insights into how specific attributes, such as the proportion of independent directors, diversity of expertise, and the presence of a strong chairperson, influence board dynamics and decision-making. For example, a board with diverse expertise can offer a broader range of perspectives, leading to more robust decision-making processes and innovative solutions. Conversely, a lack of diversity or overrepresentation of specific interests can lead to groupthink, stifling creativity and compromising governance effectiveness.

In the Nigerian context, agency theory offers practical strategies for improving governance and enhancing the value of conglomerates firms. Given the unique challenges faced by Nigerian organizations, such as regulatory constraints, socio-economic factors, and cultural dynamics, understanding the interplay between board structure and firm value is crucial. Future research should focus on exploring how board composition, leadership practices, and external environmental factors interact to shape organizational outcomes in Nigeria. Such research can provide actionable recommendations for policymakers, practitioners, and stakeholders to strengthen governance and drive sustainable development across various sectors.

## 3.0 Methodology

This study utilized an ex-post facto research design, which involves the collection of already existing data to avoid any form of manipulation. The design was appropriate because it allowed for an analysis of historical data to evaluate the relationships between the variables of interest without influencing the data collection process.

The target population for this study included all five conglomerates operating in Nigeria, with the sample restricted to conglomerates listed on the Nigerian Exchange Group. A purposive sampling technique was adopted, ensuring that only companies with the required data availability and relevance were included in the analysis.

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ISSN NO. 1118-3527 for "Journal of Management Science Research and Contemporary Issues (JMSRCI)"
Vol 3 (2), 2026

To analyze the data, the study employed panel multiple regression with the aid of fixed and random effect model.

$$FV_{it}=\beta_0+\beta_1 BEXP_{it}+\beta_2 BDIV_{it}+\beta_3 BIND_{it}+\beta_4 FSIZE_{it}+\varepsilon_{it}$$

*Where:*
*FV = Firm Value*
*BEXP = Board Expertise*
*BDIV = Board Diversity*
*BIND = Board Independence*
*FSIZE = Firm Size (Control Variable)*
*$\varepsilon$ error term*
*i, t = firm , time*
*$\beta_0$ = Constant*
*$\beta_1$- $\beta_4$ = coefficients*

**Table: 1 Variables and their Measurements**

| Variables | Code | Measurements | Sources |
|---|---|---|---|
| Firm Value | Tobin's Q | Equity + Book value / Book value of total assets | Isidro & Sobral (2015) |
| Board Diversity | BDIV | % of women directors on the board | Isidro & Sobral (2015) |
| Board Independence | BIND | % of independent directors on the board | Vintila & Gherghina (2013) |
| Board Expertise | BEX | % of board members with professional qualifications or industry-related experience | Nazir & Afza (2018); Ahn & Shrestha (2013) |
| Firm Size | FSIZE | Natural log of total asset | Akinyemi, F. O., & Olayemi, S. T. (2019). |



jmsrcifmstsu@gmail.com

## 4.0 Result and Discussion

**Table 2 Descriptive Statistics**

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| Firm Value (FV) | 50 | 1.842 | 0.913 | 0.421 | 4.765 |
| Board Expertise (BEXP) | 50 | 0.364 | 0.158 | 0.100 | 0.700 |
| Board Diversity (BDIV) | 50 | 0.182 | 0.121 | 0.000 | 0.500 |
| Board Independence (BIND) | 50 | 0.611 | 0.143 | 0.333 | 0.857 |
| Firm Size (FSIZE) | 50 | 9.421 | 0.287 | 9.012 | 9.984 |

**Source: Stata, 2026**

The result shows that firm value (Tobin's Q) has a mean of 1.842 with a minimum of 0.421 and a maximum of 4.765. This indicates that, on average, the market values the firms above their book value of assets, suggesting positive investor expectations. However, the wide range between the minimum and maximum values reveals significant variation in market valuation across the firms, implying that while some conglomerates are highly valued, others are relatively undervalued. For board expertise (BEXP), the mean value of 0.364 indicates that approximately 36.4% of board members possess relevant professional or industry expertise. The variable ranges from 0.100 to 0.700, showing that some firms have very few qualified directors while others have boards where up to 70% of members possess strong professional backgrounds. This variation suggests differences in the quality of strategic guidance available across firms.

Regarding board diversity (BDIV), the mean of 0.182 implies that women make up about 18.2% of board members on average. The minimum value of 0.000 shows that some firms have no female directors, while the maximum of 0.500 indicates that in certain firms, women constitute up to 50% of the board. This highlights uneven progress in gender inclusion among Nigerian conglomerates.

The statistics for board independence (BIND) show a mean of 0.611, meaning that about 61.1% of board members are independent directors on average. The values range from 0.333 to 0.857, suggesting that while some firms maintain the minimum level of independence, others have a highly independent board structure. This supports the notion that governance monitoring strength differs across firms.

Finally, firm size (FSIZE) has a mean value of 9.421, with a minimum of 9.012 and a maximum of 9.984. The relatively small standard deviation of 0.287 indicates limited dispersion in firm size, meaning the conglomerates operate within a fairly similar scale of total assets. Despite the similarity, the variation is sufficient to justify controlling for firm size in the regression model, as company scale may still influence governance practices and firm valuation.

**Table 3: Correlation Matrix**

| Variable | FV | BEXP | BDIV | BIND | FSIZE |
|---|---|---|---|---|---|
| **FV** | 1.000 | | | | |
| **BEXP** | 0.412 | 1.000 | | | |
| **BDIV** | 0.286 | 0.338 | 1.000 | | |
| **BIND** | 0.451 | 0.402 | 0.295 | 1.000 | |
| **FSIZE** | 0.367 | 0.310 | 0.198 | 0.344 | 1.000 |

**Source: Stata, 2026**

The correlation results show that board expertise (r = 0.412) has a moderate positive relationship with firm value. This suggests that firms with more professionally qualified and experienced directors tend to have higher market valuation.

Similarly, board independence exhibits a positive correlation with firm value (r = 0.451), indicating that firms with a higher proportion of independent directors are more likely to be valued favorably by the market.

Board diversity also shows a positive but weaker relationship with firm value (r = 0.286). This implies that gender-diverse boards may contribute to improved firm valuation, although the effect appears less pronounced compared to expertise and independence.

The control variable, firm size, is positively correlated with firm value (r = 0.367), suggesting that larger firms tend to enjoy better market valuation. This may be due to stronger market presence, greater resource base, and perceived stability.

Examining the relationships among the independent variables, the highest correlation is between board expertise and board independence (r = 0.402), which is still below the commonly accepted multicollinearity threshold of 0.80. This indicates that while the governance variables are related, they are not excessively correlated. Therefore, multicollinearity is not a serious concern in the model.

**Table 4: Variance Inflation Factor (VIF) Results**

| Variable | VIF | Tolerance (1/VIF) |
|---|---|---|
| BEXP | 1.86 | 0.538 |
| BDIV | 1.42 | 0.704 |
| BIND | 1.95 | 0.513 |
| FSIZE | 1.31 | 0.763 |
| **Mean VIF** | **1.64** | |

**Source: Stata, 2026**

The VIF values for all the explanatory variables are well below the commonly accepted threshold of 10, and even below the stricter benchmark of 5, indicating that multicollinearity is not a serious issue in the model. Among the variables, board independence (VIF = 1.95) shows the highest level of association with other predictors, but this value remains low and does not threaten the stability of the regression estimates. Similarly, board expertise (VIF = 1.86) and board diversity (VIF = 1.42) show minimal collinearity with the other independent variables. The control variable, firm size (VIF = 1.31), has the lowest VIF value, indicating that it is largely independent of the board structure variables. The mean VIF of 1.64 further confirms the absence of multicollinearity concerns in the model. This implies that the independent variables provide distinct information and can be included together in the panel regression analysis without distorting the estimated relationships.

**Table 5: Breusch–Pagan Test for Heteroskedasticity**

| Test Statistic | Value |
|---|---|
| Chi-square ($\chi^2$) | 1.72 |
| Prob > $\chi^2$ | 0.1894 |

**Source: Stata, 2026**

The Breusch–Pagan test produced a chi-square value of 1.72 with a probability value of 0.1894, which is greater than the 5% level of significance. This means the null hypothesis of constant variance cannot be rejected. Therefore, there is no evidence of heteroskedasticity in the model.



jmsrcifmstsu@gmail.com

**Table 6: Hausman Specification**

| | (b) FE | (B) RE | (b-B) Difference | sqrt(diag(V_b-V_B)) S.E. |
|---|---|---|---|---|
| bexp | 1.284317 | 1.198642 | .0856753 | .062114 |
| bdiv | .9732046 | .8543179 | .1188867 | .054882 |
| bind | 1.456882 | 1.332509 | .1243730 | .059447 |
| fsize | .3184405 | .2957714 | .0226691 | .018205 |

```
                         b = consistent under Ho and Ha; obtained from xtreg
          B = inconsistent under Ha, efficient under Ho; obtained from xtreg
    Test:  Ho:  difference in coefficients not systematic
                  chi2(4) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =        11.27
                Prob>chi2 =        0.0237
```

**Source: Stata, 2026**

The test result shows a chi-square value of 11.27 with a probability of 0.0237, which is less than the 5% significance level. This leads to the rejection of the null hypothesis and indicates that the differences between the fixed and random effects estimates are statistically significant. Based on the Hausman specification test, the study adopts the fixed effects regression results for interpretation and hypothesis testing regarding the impact of board structure on firm value of listed conglomerate firms in Nigeria.

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ISSN NO. 1118-3527 for "Journal of Management Science Research and Contemporary Issues (JMSRCI)"
Vol 3 (2), 2026

**Table 7: Regression Result**

```
R-sq:  within  = 0.4123                        Obs per group: min =         10
       between = 0.3895                                       avg =       10.0
       overall = 0.4017                                       max =         10
                                                F(4,41)            =       7.19
corr(u_i, Xb)  = 0.5842                         Prob > F           =     0.0002
```

| fv | Coef. | Std. Err. | t | P>\|t\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| bexp | 1.284317 | .5118421 | 2.51 | 0.016 | .2505481 | 2.318086 |
| bdiv | .9732046 | .4380217 | 2.22 | 0.031 | .0884843 | 1.857925 |
| bind | 1.456882 | .6029174 | 2.42 | 0.020 | .2391056 | 2.674659 |
| fsize | .3184405 | .1408573 | 2.26 | 0.028 | .0340661 | .6028149 |
| _cons | -2.615337 | 1.204118 | -2.17 | 0.035 | -5.047104 | -.1835697 |

**Source: Stata, 2026**

The within R-squared value of 0.4123 suggests that approximately 41% of the changes in firm value within firms over time are explained by board structure and firm size. The F-statistic (p = 0.0002) confirms that the model is jointly significant.

Board expertise (β = 1.284, p = 0.016) has a positive and statistically significant effect on firm value. This means that firms with a higher proportion of professionally qualified or experienced directors tend to enjoy higher market valuation of listed conglomerate companies in Nigeria. It suggests that knowledgeable boards enhance monitoring and strategic decision-making.

Board diversity (β = 0.973, p = 0.031) is also positively related to firm value and statistically significant at the 5% level. This indicates that increased female representation on the board contributes to improved firm valuation, possibly through enhanced perspectives, innovation, and governance quality of listed conglomerate companies in Nigeria.



jmsrcifmstsu@gmail.com

Similarly, board independence (β = 1.457, p = 0.020) shows a positive and significant relationship with firm value of listed conglomerate companies in Nigeria. This implies that firms with more independent directors are better monitored and are perceived more favorably by investors.

The control variable, firm size (β = 0.318, p = 0.028), is positive and significant, indicating that larger firms tend to have higher market value. This may be due to greater market presence, resource base, and investor confidence.

**5.0 Conclusion and Recommendations**

The study concludes that board quality matters strongly for firm value among listed conglomerate companies in Nigeria. Boards with higher professional expertise significantly enhance firm value, suggesting that directors with strong financial knowledge and industry experience improve strategic oversight, reduce managerial opportunism, and strengthen investor confidence. This supports the view that competence at the board level translates into better decision-making and market perception.

The positive effect of board diversity further indicates that gender-diverse boards contribute meaningfully to firm valuation. Diverse boards are likely to bring broader perspectives, improved problem-solving capacity, and more balanced governance processes, all of which are valued by the market. This outcome reinforces the governance argument that inclusiveness at the board level is not only socially desirable but also economically beneficial.

In the same vein, board independence shows a significant positive relationship with firm value, implying that independent directors enhance monitoring effectiveness and protect shareholders' interests. Their presence strengthens transparency and accountability, which improves how investors assess the firm's future prospects.

Based on the study's findings, it is recommended that listed conglomerate firms in Nigeria strengthen the quality of their boards to enhance firm value. Specifically, firms should prioritize appointing directors with relevant professional qualifications and industry experience, as board expertise was shown to significantly improve market valuation through better strategic oversight and decision-making.

In addition, companies should actively promote gender diversity on their boards, given that greater female representation contributes to broader perspectives, improved governance, and enhanced firm performance.

Furthermore, ensuring a higher proportion of independent directors is crucial, as board independence enhances monitoring, accountability, and investor confidence. Collectively, these measures can serve as effective governance mechanisms that not only improve firm value but also strengthen stakeholder trust and long-term corporate sustainability.

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