

**CORPORATE GOVERNANCE AND FIRM VALUATION IN THE
NIGERIAN STOCK MARKET**

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B.Sc. Accounting, Landmark University, Omu-Aran

SEPTEMBER, 2021

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF
POSTGRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE
(M.Sc.) DEGREE IN ACCOUNTING, COLLEGE OF MANAGEMENT
AND SOCIAL SCIENCES, COVENANT UNIVERSITY, OTA, OGUN
STATE, NIGERIA**

SEPTEMBER, 2021

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of a degree of Master of Science in Accounting in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Nigeria.

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DECLARATION

I, **ESAN OLUWATOSIN MARY**, with matric number (**19PAA01879**) declare that this dissertation is based on a study undertaken by me in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State. This project has never been presented somewhere else for the award of a degree. All ideas and outlooks articulated are products of personal research. Where concepts and opinions of other researchers have been articulated, they have been duly recognized.

ESAN, OLUWATOSIN MARY

Signature and Date

CERTIFICATION

We certify that this dissertation titled **Corporate Governance and Firm Valuation in the Nigerian Stock Market** is an original research work carried out by **ESAN OLUWATOSIN MARY (19PAA01879)** in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria under the supervision of Dr. Obiamaka Nwobu. We have examined and found this work acceptable as part of the requirements for the award of Master of Science (M.Sc.) in Accounting.

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DEDICATION

This project is dedicated to God Almighty, for his love, favor, grace, mercy, strength, wisdom, knowledge, and understanding that he continually bestows upon my life. To him alone be all the glory.

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ABSTRACT

The slow pace of firm valuation and the rising stride of fraud has been attributed in part to Corporate Governance. This research work aims at educating the companies and their management who are capable of reversing the current pace to a much better and improved pace. This study was aimed at ascertaining firm value response to internal and external corporate governance, using indications from the Nigerian stock market, which covers a period from 2012 to 2019. To determine the response of firm value to the internal and external corporate governance processes, two indexes were determined using the principal component analysis (PCA), and data was sourced from the annual reports of the sampled firms listed on the Nigerian stock market. The variables used were firm value proxied by Tobin's Q, internal corporate governance index composed of board independence, board meeting, the board size, and board education, and external corporate governance index represented by corporate disclosures, audit type, timeliness of reporting, and corporate governance code. The data was analyzed through a series of tests including the descriptive statistics, PCA, correlation matrix, panel data static estimators, amongst others. The findings obtained from the analysis show that internal corporate governance has a positive and significant influence on firm valuation and that external corporate governance has a negative and insignificant influence on firm valuation. This study recommended that firms should normalize having an independent board where the external constituents (non-executive directors) are more than the internal constituent (executive directors). The firms should also ensure that there is frequent board meetings where the members of the board are familiarized with the operations of the organization to enhance proper and consistent monitoring and control to mention a few.

Keywords: Corporate governance index, external corporate governance, firm value, internal corporate governance.