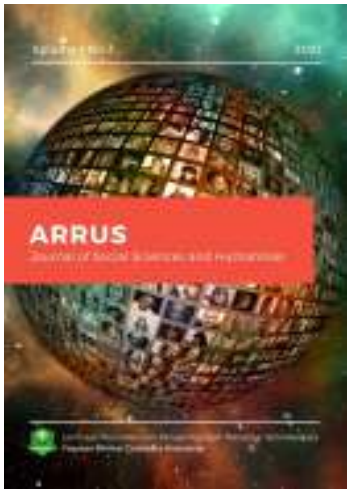
Ibobo, et.al., *ARRUS Journal of Social Sciences and Humanities*, Vol. 6, No. 1 (2026)
https://doi.org/10.35877/soshum4185

OPEN ACCESS

ISSN: 2776-7930 (Print) / 2807-3010 (Online)



RESEARCH ARTICLE

Corporate Value as a Function of Firm Revenue Base among Nigerian Food and Beverages Firms

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Abstract: This study examined the effect of firm revenue base on the corporate value of listed food and beverage firms in Nigeria, using market value added as the measure of corporate value. The study adopted an ex-post facto research design and relied on secondary data obtained from the annual reports and financial statements of twelve purposively selected firms listed on the Nigerian Exchange Group between 2012 and 2024. Panel estimated generalised least squares regression analysis were used to analyze the data. The findings revealed that firm revenue base has a significant and positive effect on market value added at 5% significance level, indicating that increases in revenue enhance the corporate value of firms ($\beta = 0.762651$; $p = 0.0000$). In conclusion, firms with stable and growing revenue streams are better positioned to generate shareholder wealth. The study recommends that management should implement aggressive but sustainable revenue expansion strategies, such as product diversification, market penetration, and pricing optimization, and also give a special attention to data-driven marketing, customer retention programs, and investments in efficient distribution channels, as these initiatives can significantly boost revenue while controlling operational costs.

Keywords: Firm Revenue Base Corporate Value, Market Value Added

1. INTRODUCTION

In recent years, corporate valuation has taken a more prominent role in the discussion surrounding the long-term growth and sustainability of firms operating in developing economies. The competitive pressures of globalization, coupled with changing investor expectations and financial reporting standards, have compelled businesses to pay closer attention to the variables that influence their perceived market worth (Nugraheni & Risman, 2025). In Nigeria, the food and beverage sector occupies a strategic position in the national economy, contributing significantly to employment, manufacturing output, and consumer demand (Nwakoby & Ogodu, 2025). As this sector continues to expand and adapt to shifting market realities, it becomes increasingly important to understand what drives investor perception and overall company value in this segment. While several factors influence a company's financial performance (Nworie & Mba, 2022), the role of a strong revenue base in shaping its corporate value remains an area worthy of academic attention, especially in industries that are both capital-intensive and consumption-driven.

Effective corporate value remains central to business longevity and stakeholder confidence in today's market environment (Mulyana et al., 2025). It serves as an indicator of a firm's ability to generate wealth for shareholders, secure funding, and maintain a competitive

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

position over time (Onoh et al., 2022). A firm with strong corporate value is often viewed as financially sound, operationally efficient, and strategically managed. In practical terms, the concept of corporate value is not merely about financial statements or asset accumulation. It encompasses how the market evaluates a firm's capacity to remain profitable and relevant in a fast-changing business world. In this regard, investors and financial analysts use corporate value as a key benchmark for assessing business performance and guiding investment decisions. In Nigeria, where financial markets are becoming more sophisticated, attention is shifting toward modern performance measures such as Market Value Added (MVA), which focus on value creation from the standpoint of investors (Onyeka & Amahalu, 2022; Okike et al., 2024; Isicheli et al., 2024). As such, understanding what contributes to or detracts from a company's corporate value is not only a matter of financial theory but also one of practical necessity for managers, regulators, and stakeholders.

The revenue base of a company plays a significant role in determining its market value (Okerekeoti, 2021). Revenue represents the starting point of a firm's income-generating process and is closely watched by analysts, shareholders, and potential investors. A robust and growing revenue stream suggests that a company has a viable business model, strong customer demand, and operational effectiveness. These characteristics often translate into positive investor sentiment, which influences the company's valuation on the stock market. When a company consistently records high revenues, especially relative to its size or industry peers, the market tends to reward it with a higher valuation. This is because sustained revenue growth often signals the firm's ability to generate future profits, expand its operations, and increase shareholder wealth (Jeroh, 2020; Shuaibu et al., 2019). Conversely, weak or unstable revenue performance raises concerns about a company's strategic direction, market relevance, and overall financial health. It may also indicate challenges in sales, pricing, or customer retention, all of which can negatively affect investor confidence and market value.

In the Nigerian business context, particularly within the food and beverage sector, the connection between revenue base and corporate value takes on a deeper importance. The sector serves a broad consumer base, yet it is exposed to several structural challenges, such as inflation, inconsistent government policies, exchange rate volatility, and fluctuating raw material costs (Udeh & Noke, 2024). In such an environment, a company's ability to maintain or grow its revenue base becomes a critical determinant of how it is viewed in the financial market. Firms that demonstrate resilience in revenue performance despite economic constraints are likely to earn investor trust and attract greater capital inflow. This trust, in turn, raises their market value, which can open opportunities for expansion, innovation, and improved shareholder returns (Ugbor et al., 2018; Udeh et al., 2019). As the market becomes more transparent and investor decisions more data-driven, traditional performance measures like earnings per share and return on assets are being complemented by metrics such as Market Value Added, which directly reflect market-based evaluations of company performance.

In a well-functioning corporate environment, firms are expected to maintain a strong and stable revenue base that supports continuous growth in market value. Ideally, companies with rising revenues are assumed to create more wealth for shareholders, attract new investments, and improve their overall financial standing (Koller et al., 2025). This growth in revenue should logically lead to higher corporate value as seen in increased investor confidence and stronger performance in the capital market. Financial theory also suggests that firms that consistently grow their revenues should, over time, reflect such improvements in their market valuation (Sam, 2025), particularly when evaluated using modern metrics like Market Value Added. In this ideal setting, the link between revenue performance and corporate value is both direct and measurable, serving as a reliable indicator for investors and corporate managers.

However, the actual situation within the Nigerian food and beverage sector appears to deviate from this expectation. While some listed firms continue to post high revenues, this does not always translate into a higher market valuation (as shown in Appendix A of this report). In

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

many cases, firms with large revenue streams still struggle to improve their market performance or shareholder value. This discrepancy suggests that the relationship between revenue base and corporate value is not as straightforward as financial theory predicts, especially in an economy affected by inflation, exchange rate instability, and policy uncertainties. Moreover, most existing studies either overlook this mismatch or focus on other variables like profitability or earnings per share, often using traditional accounting-based measures of firm performance. As a result, the specific influence of revenue base on market-driven indicators of corporate value remains underexplored, particularly using Market Value Added as a dependent variable. This gap in understanding has serious implications. When firms are unable to convert their revenue performance into market value, it affects investor perception and weakens shareholder trust. Potential investors may become hesitant to commit capital to firms whose revenues appear disconnected from value creation. Managers may also misinterpret revenue growth as a signal of overall success, without addressing the underlying inefficiencies that prevent market appreciation. Over time, this disconnect can lead to undervaluation of firms on the stock exchange, poor capital allocation decisions, and a lack of strategic focus on value-based management. It also prevents regulators and policymakers from accurately assessing the health and competitiveness of a key sector in the Nigerian economy. Hence, the main of the study is to examine the effect of firm revenue base on the corporate value (proxy by market value added) of listed food and beverages firms in Nigeria.

2. Literature Review

2.1. Conceptual Review

2.1.1. *Firm Revenue Base*

The firm revenue base refers to the total income a company generates from its core operations over a given period, usually within an accounting year (Huang et al., 2015). This income typically arises from the sale of goods and services before any expenses or costs are deducted. The term emphasizes the foundation or stability of the firm's income stream and represents the firm's capacity to consistently generate earnings through its primary business activities (Che et al., 2018).

A firm's revenue base is more than a numerical figure on the income statement. It reflects the effectiveness of a company's operations, the strength of its market demand, and the reliability of its customer base (Al Hayek, 2018). When a company has a strong revenue base, it usually means it is well-positioned in its market, has efficient production and distribution processes, and maintains loyal customer relationships. Revenue, in this sense, becomes a reflection of how well the business model is performing over time. It gives stakeholders a clear view of the firm's ability to cover operational costs, meet financial obligations, and fund future growth without depending heavily on external sources (Ofulue et al., 2025).

In the context of financial performance evaluation, the revenue base is often used as a benchmark for comparing firms across industries or within the same industry. It provides a sense of business volume and sales activity, which are important indicators of market presence. A growing revenue base suggests business expansion, while a shrinking revenue base may signal operational difficulties or loss of market share (Kim, 2018). The consistency and quality of the revenue stream also matter. Revenues generated through regular, repeat transactions are viewed more favorably than one-off or volatile sources. Thus, the concept of a firm revenue base plays a central role in determining the financial strength and sustainability of a company.

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

2.1.2. *Corporate Value*

Corporate value refers to the overall worth of a company as assessed by financial markets, investors, and internal stakeholders (Elom et al., 2025). It represents the financial valuation placed on a firm based on its capacity to generate future economic benefits. This value is not limited to physical or tangible assets but also includes intangible elements such as brand strength, market reputation, customer relationships, and management quality. The concept is commonly used to assess whether a company is delivering long-term benefits to its shareholders and whether it is positioned to maintain or grow its worth over time (Ukoh et al., 2024).

The meaning of corporate value extends beyond a simple figure. It incorporates multiple dimensions of a firm's performance, including profitability, financial stability, competitive advantage, and operational efficiency. In financial markets, this value is often estimated using different valuation techniques, such as market capitalization, enterprise value, or book value, depending on the purpose of the analysis (Anaike et al., 2025). For investors, corporate value reflects the firm's attractiveness as an investment opportunity. A higher value signals stronger expected returns, while a lower value may raise concerns about the company's performance or future prospects.

Corporate value is also a measure of how well a company is being managed. It reflects the ability of the management team to allocate resources wisely, pursue profitable ventures, and respond to changes in the market environment. A firm that is able to consistently grow its revenue, reduce costs, and innovate is likely to see its corporate value rise. Conversely, companies that suffer from poor governance, weak financial controls, or ineffective strategies often experience a decline in value. Therefore, the concept of corporate value is used not only as a measure of market worth but also as an indicator of the overall health and direction of a business (Shuaibu et al., 2019).

2.1.3. Market Value Added

Market Value Added (MVA) is a financial performance measure that shows the difference between the current market value of a company and the total amount of capital invested in it by both equity and debt holders (Onyeka & Amahalu, 2022). It indicates how much value a company has created or destroyed for its investors over time. A positive MVA means the company has generated more wealth than the capital invested, while a negative MVA shows that the market values the company at less than the capital provided by investors.

The concept of Market Value Added is grounded in the idea that the true success of a business lies in its ability to increase shareholder wealth (Isicheli et al., 2024). Unlike traditional accounting measures, MVA focuses on market expectations and investor perceptions. It looks at how the market values the firm's future earning potential relative to the resources committed to achieving that potential. As such, it serves as a long-term indicator of whether a company's operations and strategies are contributing to or diminishing shareholder value (Okike et al., 2024). Investors pay close attention to MVA because it reflects not just what a company has achieved, but what the market believes it can achieve going forward.

2.2. Theoretical Framework and Development of Research Hypothesis

This study is anchored on Signaling Theory which was first introduced by Michael Spence in 1973 through his work on job market signaling (Nworie et al., 2024). The theory emerged in the field of economics as an attempt to explain how individuals or organizations communicate their hidden qualities or intentions to others in situations of information asymmetry. In the original model, Spence used education credentials as signals to potential employers about a job candidate's ability and productivity. Over time, the theory was extended to other fields, including corporate finance and accounting, where it has become useful in understanding how firms convey information to investors and the market.

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

The main idea behind Signaling Theory is that one party, typically the one with more information, can reduce uncertainty by sending signals to another party with less information (Connelly et al., 2011). In a business context, companies often possess more knowledge about their financial health and future prospects than external investors or analysts. As a result, they use various financial indicators such as earnings, dividends, and revenue figures to communicate their strength and potential. These signals are most effective when they are costly or difficult to fake, because that helps distinguish strong firms from weak ones. When signals are credible, they shape investor expectations and influence market behavior (Friske et al., 2023).

This theory is relevant to the present study because revenue base can serve as a reliable signal of a firm's financial stability and performance potential. In the Nigerian food and beverage industry, where investors may face challenges in accessing comprehensive or timely information, revenue trends become an important tool for evaluating corporate value. Firms with a strong and growing revenue base are likely to send positive signals to the market, which can result in higher valuation metrics such as Market Value Added. In this way, revenue becomes more than just an operational figure; it plays a communicative role that affects how investors assess the firm's worth. Based on this, we hypothesise that:

Ha: Firm revenue base will positively influence market value added of listed food and beverages firms in Nigeria.

2.3. Empirical Review

A wide body of literature has explored the relationship between financial indicators and corporate value across different sectors in Nigeria. Ogiriki and Asemota (2024) examined the influence of earnings quality on the market valuation of insurance firms, using accrual quality and earnings persistence as indicators. Their findings showed a significant effect of earnings quality on Tobin's Q, pointing to the relevance of transparent financial reporting. Similarly, Chibueze et al. (2024) studied the effect of profitability on firm value among manufacturing firms, identifying a significant positive relationship. The use of Net Profit Margin and Earnings Per Share as profitability indicators revealed that higher profitability enhances firm value, as measured by Net Assets Per Share. Chidi (2024), focusing on consumer goods firms, also evaluated the influence of firm size and profitability. While the study found that profitability positively affected firm value, it was not statistically significant, and firm size showed a negative effect, suggesting that operational inefficiencies in larger firms may lower market valuation.

Revenue-related factors have also received attention in the literature. Festus and Ayoola (2022) investigated the effect of sales revenue growth on financial performance in the food and beverage sector. Their study, though limited to four firms, found that revenue growth significantly increased return on assets, highlighting the operational benefits of higher sales turnover. Expanding on the revenue-growth theme, Okerekeoti (2021) explored the relationship between revenue growth and Tobin's Q among manufacturing firms, using Granger causality and regression techniques. His results confirmed a strong, positive relationship, suggesting that firms with growing revenues are more likely to generate higher market valuations. In a related study, Jeroh (2020) examined the financial sector and found that revenue growth also improved Tobin's Q. However, the same study reported a negative link between revenue growth and both share price and the share price-to-book value ratio, indicating that the impact of revenue growth might differ depending on how corporate value is measured.

Shuaibu et al. (2019) added further support to the relevance of revenue as a driver of corporate value. Their study, which focused on consumer goods firms, confirmed that revenue growth positively influences firm value using a random effects regression model. The research methodology, supported by data reliability tests like Shapiro-Wilk and Hausman, gave confidence in the validity of their findings. Although their focus remained within the

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

broader consumer goods category, the implication was clear: growth in top-line revenue contributes to a firm's attractiveness in the eyes of investors. These findings align with those of Udeh et al. (2019), who studied corporate growth in terms of changes in sales and profits and found a strong positive relationship with shareholder value, represented by net assets per share. Their study emphasized that improving sales is not only beneficial for operational performance but also for long-term shareholder wealth.

While many of the reviewed studies affirm the positive relationship between revenue-related variables and corporate value, other variables such as retained earnings have shown mixed effects. Onyekwelu et al. (2019) investigated the influence of retained earnings on market share prices in Nigeria's oil and gas sector. Their results revealed a negative relationship between retained earnings and market prices, suggesting that the accumulation of profits does not necessarily translate into enhanced investor value. This stands in contrast to the findings of Ugbor et al. (2018), who studied growth indicators like sales growth, asset growth, and cost of sales growth in the manufacturing sector. Their results indicated that both sales and asset growth had a strong positive effect on net assets per share, reinforcing the notion that tangible growth factors are key drivers of firm valuation. Interestingly, cost of sales growth also showed a positive relationship, but it was not statistically significant, hinting that efficiency and not just growth may be more critical in influencing valuation metrics.

In all, the empirical literature suggests that revenue growth, earnings quality, profitability, and corporate size are key factors affecting firm value, though their influence varies across sectors and depending on the proxy used to represent firm value. Most of the studies, such as those by Ogiriki and Asemota (2024), Chibueze et al. (2024), Okerekeoti (2021), and Shuaibu et al. (2019), relied on proxies like Tobin's Q, return on assets, or net assets per share. These measures, while informative, may not fully capture value from an investor's perspective, as they do not reflect the wealth created above the capital invested. Furthermore, only a few studies, such as those by Festus and Ayoola (2022) and Jeroh (2020), addressed the food and beverage sector, and even those did not explicitly isolate the influence of firm revenue base on investor-focused value metrics. This highlights a noticeable limitation in sectoral focus and measurement approach in the existing body of work.

2.4. Gap in Literature

Although several scholars have examined the relationship between financial performance indicators and corporate value in Nigeria, there is a clear gap regarding the food and beverage sector. Ogiriki and Asemota (2024) analyzed how earnings quality affects the market valuation of listed insurance companies. Chibueze et al. (2024) and Chidi (2024) focused on profitability and firm size among manufacturing and consumer goods firms. While Festus and Ayoola (2022), Okerekeoti (2021), Jeroh (2020), and Shuaibu et al. (2019) explored the effect of revenue growth on firm performance or firm value, none of these studies concentrated specifically on listed food and beverage firms. Udeh et al. (2019), Ugbor et al. (2018), and Onyekwelu et al. (2019) also examined variables such as profit growth, retained earnings, and sales growth across broader sectors like oil and gas or general manufacturing. As a result, the food and beverage sector has not received adequate attention in terms of understanding how revenue influences its corporate value.

Moreover, a review of the methodologies adopted in these prior studies reveals a common limitation in the choice of dependent variables. Most of the researchers, including Jeroh (2020), Shuaibu et al. (2019), and Ugbor et al. (2018), measured corporate value using indicators like Tobin's Q, share price, return on assets, or net assets per share. None of the reviewed studies employed Market Value Added (MVA), which provides a more investor-focused and value-based measure of firm performance. Therefore, this study addresses two key gaps: first, it narrows the scope to listed food and beverage firms in Nigeria; second, it introduces Market Value Added as a more robust indicator of corporate value. By doing so, the research provides fresh perspectives on how firm revenue base influences corporate value within a specific and underexplored segment of the Nigerian economy.

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

3. Research Method And Materials

This study employed an ex-post facto research design to examine the effect of firm revenue base on the corporate value of listed food and beverage firms in Nigeria between 2012 and 2024. This design was considered suitable because it permits the use of existing financial records and historical firm data, without any form of manipulation or direct control by the researcher. The research was retrospective in nature, drawing on events and firm performance measures that had already occurred. As such, the variables involved were studied as they existed in real-life business settings, making it possible to observe patterns and test for the relationship between firm revenue base and corporate value, as proxied by Market Value Added (MVA).

The focus of the study was on food and beverage companies listed on the Nigerian Exchange Group (NGX) as of December 31, 2024. The industry was selected because it is one of the most active sectors on the Nigerian stock market and has continued to play a major role in national economic output, consumer goods supply, and employment. The entire population of listed firms in the food and beverage sector was identified using the official classification by the NGX. Sixteen firms were found to fall under this category, and these are presented in Table 1.

Table 1. Population of Food and Beverage Firms on the NGX

S/N	Firms
1	Bua Foods Plc
2	Cadbury Nigeria Plc
3	Champion Breweries Plc
4	Dangote Sugar Refinery Plc
5	Golden Guinea Breweries Plc
6	Guineas Nig. Plc
7	Honeywell Flour Mill Plc
8	International Breweries Plc
9	McNichols Plc
10	Multi-Trex Integrated Foods Plc
11	Northern Nigeria Flour Mills Plc
12	Nascon Allied Industries Plc
13	Nestle Nigeria Plc
14	Nigerian Breweries Plc
15	Unilever Nigeria Plc
16	Union Dicon Salt Plc

Source: Researcher's Compilation (2025)

The sampling technique adopted was purposive. This was based on the availability and consistency of annual financial records over the twelve-year period covered by the study (2012–2024). Any firm that was not listed as at 2012 was removed. At the end of the selection process, a sample of twelve firms was obtained and used for data analysis. The selected firms are presented in Table 2.

Table 2: Final Sample for the Study

S/N	Firms
1	Cadbury Nigeria Plc
2	Champion Breweries Plc
3	Dangote Sugar Refinery Plc
4	Guineas Nig. Plc
5	Honeywell Flour Mill Plc
6	International Breweries Plc
7	Northern Nigeria Flour Mills Plc
8	Nascon Allied Industries Plc
9	Nestle Nigeria Plc
10	Nigerian Breweries Plc
11	Unilever Nigeria Plc
12	Union Dicon Salt Plc

Source: Researcher's Compilation (2025)

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

The study made exclusive use of secondary data. These data were collected from published annual reports and financial statements of the sampled firms, official documents from the Nigerian Exchange Group (NGX), and relevant publications such as the NGX Fact Book and audited financial reports from the firms' investor relations portals. The key financial data retrieved included total revenue figures, total equity, number of ordinary shares and share price data required for computing the dependent variable. The data covered a twelve-year period from 2012 to 2024, which was considered adequate for identifying long-term patterns and testing the research hypotheses.

The variables were operationalized as follows: the independent variable, firm revenue base, was measured using the total annual revenue declared by each firm. The dependent variable, corporate value, was measured using Market Value Added (MVA). MVA was computed as the difference between the total market value of the firm's equity and the book value of its invested capital. This metric was adopted because it reflects the value a firm has created or destroyed in the eyes of the market, beyond what has been invested by its shareholders. The Market Value of Equity was derived by multiplying the firm's share price at year-end by the number of outstanding shares. The Book Value of Invested Capital was obtained from the firms' statements of financial position.

To test the effect of revenue base on Market Value Added, the study applied panel estimated generalised least square regression analysis. This technique was appropriate for handling multi-year, multi-firm data, as it allows the researcher to control for heterogeneity across firms and over time. It also helped to estimate the effect of the independent variable (revenue base) on the dependent variable (MVA) while accounting for individual firm characteristics that may not be directly observable. The regression model is specified as follows:

$$MVA_i t = \alpha + \beta_1 REV_i t + \varepsilon_i t$$

Where:

$MVA_i t$ = Market Value Added of firm i in year t
$REV_i t$ = Total revenue of firm i in year t
α = Intercept
β_1 = Coefficient of revenue base
$\varepsilon_i t$ = Error term

The data analysis was conducted using both descriptive and inferential statistical methods. Descriptive statistics such as mean, standard deviation, minimum, and maximum were used to summarize the key features of the data. Inferential statistics focused on the regression outputs, including coefficients, standard errors, p-values, and R-squared values. The hypotheses were tested at a 5% level of significance. The decision rule was straightforward: if the p-value associated with the coefficient of revenue base was less than 0.05, the null hypothesis of no effect was rejected.

4. RESULTS AND DISCUSSION

4.1. Descriptive Analysis

This study examined the effect of firm revenue base on the corporate value of listed food and beverage firms in Nigeria, using market value added as the measure of corporate value. The study adopted an ex-post facto research design and relied on secondary data obtained from the annual reports and financial statements of twelve purposively selected firms listed on the Nigerian Exchange Group between 2012 and 2024. The data collected are presented in Appendix 1 whereas the descriptive analysis is shown below in Table 3.

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

Table 3 Descriptive Analysis

	MVA (₦'000)	REV (₦'000)
Mean	174734051	125887624
Median	20001413	60486835
Maximum	1212390855	1074881526
Minimum	-49388428	0.000000
Std. Dev.	318472436	169453982
Skewness	2.033910	2.665725
Kurtosis	5.919526	12.38896
Jarque-Bera	162.9601	757.7506
Probability	0.000000	0.000000
Observations	156	156

Source: Eviews 10 Output (2025)

The descriptive statistics in Table 3 show the distribution and characteristics of market value added (MVA) among the listed food and beverage firms in Nigeria between 2012 and 2024. The mean MVA stands at ₦174.73 billion, indicating the average excess of market value over the capital invested in the firms during the period. However, the median MVA is significantly lower at ₦20 billion, suggesting that most firms fall below the mean and that a few very large firms may be pulling the average upward. This is supported by the high standard deviation of ₦318.47 billion, which reflects a wide spread in MVA across the firms. The maximum MVA observed is ₦1.21 trillion, while the minimum is -₦49.39 billion, showing that some firms not only failed to add value but eroded shareholder wealth. The skewness value of 2.03 indicates a strong rightward skew, meaning that while most firms recorded modest or negative MVA, a few firms had extremely high values. The kurtosis value of 5.92 shows that the distribution is peaked and heavy-tailed, confirming the presence of extreme values. The Jarque-Bera test statistic of 162.96 with a probability of 0.000000 indicates that MVA is not normally distributed, meaning the data have significant outliers and asymmetry that must be considered in further analysis.

In the case of revenue (REV), also shown in Table 3, the mean revenue of the firms is ₦125.89 billion, representing the average yearly sales or income over the study period. The median revenue is ₦60.49 billion, which, like MVA, is much lower than the mean, again pointing to the influence of a few very large firms with exceptionally high revenue figures. The maximum revenue recorded is ₦1.07 trillion, while the minimum is zero, indicating that at least one firm had no reported revenue during a particular year, possibly due to temporary shutdown or incomplete reporting. The standard deviation of ₦169.45 billion reflects substantial variability in the revenue levels across firms. The skewness value of 2.67 reveals a significant right skew, meaning most firms have relatively low revenues while a few firms earn much higher amounts. The kurtosis of 12.39 is particularly high, suggesting that the distribution is not only highly peaked but also contains extreme values far from the average. The Jarque-Bera statistic of 757.75 and its probability of 0.000000 confirm that the revenue data are also not normally distributed, and any statistical modeling involving revenue will need to take this non-normality into account. The non-normality of the data can be ignored due to the large number of observations (156), which satisfies the Central Limit Theorem.

Table 4 Model Diagnostics

Type of Test	Tool Used	Test Statistics	p-value
Heteroskedasticity Test	Likelihood ratio	477.1028	0.0000
Cross-sectional Dependence	Pesaran CD	11.62950	0.0000

Source: Eviews 12 Output (2025)

The heteroskedasticity test shown in Table 4 was conducted using the Likelihood Ratio method to determine whether the variance of the error terms is constant across observations. A constant variance, known as homoskedasticity, is a key assumption in regression analysis, as heteroskedasticity can lead to inefficient estimates and biased standard errors. The test statistic value of 477.1028 with a p-value of 0.0000 indicates a strong presence of

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

heteroskedasticity in the model, meaning the variance of the residuals differs across firms or time periods. However, this issue was corrected using cross-section weights to ensure more reliable and efficient estimates.

The cross-sectional dependence test was carried out using the Pesaran CD test to check whether residuals across different firms are correlated. This test is essential in panel data analysis because ignoring cross-sectional dependence can lead to biased results and invalid inferences. From Table 4, the test produced a statistic of 11.62950 with a p-value of 0.0000, confirming the presence of cross-sectional dependence among the firms. This suggests that external shocks or market conditions may be influencing multiple firms simultaneously. To address this issue, cross-section weights were applied, which help correct the bias and ensure the robustness of the model estimates.

4.2. Test of Hypothesis

H0: Firm revenue base has no significant and positive effect on market value added at 5% significance level.

Table 5 Test of Hypotheses

Dependent Variable: MVA				
Method: Panel EGLS (Cross-section weights)				
Cross-section weights (PCSE) standard errors & covariance (d.f. corrected)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
REV	0.762651	0.090311	8.444725	0.0000
C	4735011.	2068650.	2.288938	0.0234
Weighted Statistics				
R-squared	0.350178	Mean dependent var		1.59E+08
Adjusted R-squared	0.345958	S.D. dependent var		2.01E+08
S.E. of regression	1.96E+08	Sum squared resid		5.89E+18
F-statistic	82.98782	Durbin-Watson stat		0.679623
Prob(F-statistic)	0.000000			

Source: Eviews 10 Output (2025)

The overall validity of the model, as shown in Table 5, is confirmed by the model summary statistics. The R-squared value is 0.350178, which means that approximately 35% of the variations in the market value added (MVA) of listed food and beverage firms in Nigeria can be explained by changes in the firm revenue base. While this does not account for all changes in MVA, it indicates that revenue plays a noticeable role in determining firm value. Additionally, the p-value of the F-statistic is 0.000000, which is less than the 0.05 significance level. This confirms that the model is statistically significant as a whole, meaning that the explanatory variable (firm revenue base) significantly explains variations in the dependent variable (MVA). This supports the decision to rely on the model for further interpretation.

The constant term (C) in Table 5 has a coefficient of 4,735,011 and a p-value of 0.0234. This means that when revenue is zero, the expected market value added of a listed food and beverage firm would still be about ₦4.7 million. The p-value of 0.0234 shows that this constant term is statistically significant at the 5% level, suggesting that there are other firm-specific or market-specific factors contributing positively to MVA, even when revenue is not considered.

The coefficient of the firm revenue base (REV) is 0.762651, which implies a positive marginal effect. This means that for every additional ₦1 increase in a firm's revenue, the market value added increases by approximately ₦0.76. This marginal effect indicates that firms that generate higher revenues tend to experience a substantial rise in their corporate value as measured by MVA. The p-value of 0.0000 confirms that this effect is statistically significant at the 5% level. Therefore, the null hypothesis, which states that firm revenue base has no significant and positive effect on market value added, is rejected. The alternative hypothesis

https://doi.org/10.35877/soshum4185

ISSN: 2776-7930 (Print) / 2807-3010 (Online)

is accepted, affirming that firm revenue base does have a significant and positive effect on the market value added of listed food and beverage firms in Nigeria. Thus, firm revenue base has a positive effect on market value added (β = 0.762651; p = 0.0000).

4.3. Discussion of Finding

The analysis presented in Table 4.3 reveals that firm revenue base has a statistically significant and positive effect on market value added (β = 0.762651; p = 0.0000). This implies that, all other things being equal, a one-unit increase in firm revenue base leads to a marginal increase of approximately 0.76 units in market value added. This marginal effect suggests that as firms increase their revenue generation capacity, their ability to create value in the market also rises considerably. The p-value of 0.0000, which is well below the 5% significance threshold, confirms that this effect is not due to chance and is therefore statistically significant. This result aligns with economic theory, which posits that increasing revenue typically leads to higher investor confidence, improved profitability, and consequently a rise in firm valuation metrics like market value added. The result validates the rejection of the null hypothesis which stated that firm revenue base has no significant and positive effect on market value added at the 5% significance level.

This finding is strongly supported by multiple empirical studies in the existing literature. Festus and Ayoola (2022) found a significant positive effect of sales revenue on return on assets among listed food and beverage firms in Nigeria, highlighting that increased revenue enhances financial performance—a component closely linked to firm value. Similarly, Okerekeoti (2021) reported that revenue growth positively and significantly influenced Tobin's Q, a widely accepted proxy for firm value, indicating that higher revenues elevate market valuation. Additionally, Jeroh (2020) corroborated this finding, noting a significant positive relationship between revenue growth and Tobin's Q among financial service firms, despite observing negative effects on share price-related metrics. Shuaibu et al. (2019) further supported this view, emphasizing that revenue growth had a significant and positive impact on the firm value of listed consumer goods companies. However, the study by Chidi (2024) observed a positive but statistically insignificant effect of profitability (which is inherently tied to revenue) on firm value, suggesting that external variables might dilute the direct influence of revenue in some contexts. These variations underscore the complexity of value creation but overall lend strong support to the conclusion that firm revenue base exerts a significant and positive effect on market value added.

5. CONCLUSION

5.1. Conclusion

The findings from this study have important implications for understanding how financial revenue influences corporate value in the Nigerian food and beverage industry. The observed link between revenue base and Market Value Added highlights the critical role of income-generating capacity in shaping investor perceptions and market performance. This relationship suggests that firms with strong and consistent revenue streams are more likely to create economic value that exceeds the capital invested by shareholders. It also indicates that revenue is not only a short-term performance measure but a strategic asset that contributes to long-term corporate valuation in capital markets.

These findings reinforce the growing emphasis on firm-specific financial drivers in assessing corporate value, especially in emerging markets where external economic factors often overshadow firm-level performance. The food and beverage sector, known for its contribution to employment and consumer demand in Nigeria, now gains further relevance as a viable area for investment based on internal revenue strength. This underscores the need for stakeholders such as financial analysts, investors, and policy makers to pay closer attention to revenue dynamics when evaluating firm worth, rather than relying solely on broad profitability ratios or macroeconomic indicators.

https://doi.org/10.35877/soshum4185

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5.2. *Recommendation*

Management should implement aggressive but sustainable revenue expansion strategies, such as product diversification, market penetration, and pricing optimization, and also give a special attention to data-driven marketing, customer retention programs, and investments in efficient distribution channels, as these initiatives can significantly boost revenue while controlling operational costs.

5.3. *Contribution to Knowledge*

This study contributes to existing literature by providing empirical evidence on the effect of firm revenue base on corporate value within the food and beverage sector in Nigeria. Previous studies, including those by Ogiriki and Asemota (2024), Chibueze et al. (2024), and Chidi (2024), explored financial performance indicators such as earnings quality, profitability, and firm size across various sectors but did not focus on the food and beverage industry. Other scholars such as Festus and Ayoola (2022), Okerekeoti (2021), Jeroh (2020), and Shuaibu et al. (2019) examined the role of revenue growth in firm performance but did not isolate the food and beverage sector. Similarly, studies by Udeh et al. (2019), Ugbor et al. (2018), and Onyekwelu et al. (2019) examined profit growth, retained earnings, and sales trends across broader industrial categories. By centering the analysis on listed food and beverage firms, this study fills a significant gap and enhances the understanding of how revenue base specifically drives corporate value in this under-researched sector.

In addition, the study makes a methodological contribution by adopting Market Value Added (MVA) as the measure of corporate value, which has not been applied in prior Nigerian studies reviewed. Most previous research used proxies such as Tobin's Q, share price, return on assets, or net assets per share, which do not fully reflect the value created for shareholders. By applying MVA, this research offers a more comprehensive and investor-oriented perspective on corporate value. The findings demonstrate that a strong revenue base significantly enhances MVA, indicating that firms with stable and growing revenue streams are better positioned to generate shareholder wealth. This hint is particularly relevant for financial managers and policymakers seeking to improve firm valuation through revenue-driven strategies.

5.4. *Limitations of the Study and Suggestion for Further Studies*

One major limitation of this study is that it only used secondary data from annual financial reports, which may not capture all the factors that influence corporate value. Also, the study focused on just twelve listed food and beverage firms in Nigeria, which means the findings might not apply to firms in other sectors or smaller companies that are not listed. Another issue is that some reports may not have included detailed or complete figures for all the years, which could affect the accuracy of the analysis.

Future studies can look at firms in other sectors like manufacturing, oil and gas, or services to compare how revenue base affects corporate value in different industries. Researchers can also include private companies or smaller businesses to get a broader view. In addition, using other measures of corporate value, like earnings per share or return on equity, might provide deeper understanding. It would also be helpful if future studies include interviews or questionnaires to support the financial data with real-life experiences from people in the firms.

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