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Moderating Effect of Board Gender Diversity on the Relationship between Social Reporting and Value of Non-Financial Firms in Nigeria

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Abstract

This study investigated the moderating effect of board gender diversity on the relationship between social reporting and the value of non-financial firms in Nigeria. Employing an ex-post facto research design, the study analyzed secondary data from 104 non-financial companies listed on the Nigerian Exchange Group (NGX) over the period 2013 to 2023. The System Generalized Method of Moments (System GMM) was utilized has a technique of data analysis. The findings revealed that employee relations and community investment have insignificant effect on firm value. The study further revealed that stakeholder engagement has a significant effect on firm value. The further revealed board gender diversity significantly moderate the relationship between social reporting and firm value of listed non-financial firms in Nigeria. Based on these findings, the study recommends that the regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) should consider mandating stakeholder engagement disclosures in corporate reports to promote accountability and long-term value creation. Also, corporate governance codes should encourage gender diversity policies that mandate minimum female representation on boards. Companies should also foster inclusive boardroom environments that leverage diverse perspectives in decision-making.

Keywords: Board Gender Diversity, Social Reporting, Firm Value, Stakeholder Engagement, Community Investment, Employee Relations

JEL Classification: D21, M41

1. Introduction

Firm value remains a crucial determinant of a company's financial performance and long-term sustainability in the market. It encapsulates the overall economic worth of an organization, shaped by both internal and external factors, such as governance structures, strategic decisions, and the transparency of financial and non-financial disclosures (Al-Shaer & Zaman, 2016). Among the various determinants of firm value, social reporting has become increasingly significant. Social reporting, which involves the disclosure of a company's social activities, has been shown to enhance corporate reputation, foster stakeholder trust, and attract investment (Cao, et al, 2022). As the pressure for corporate accountability grows, understanding the relationship between social reporting and firm value is becoming increasingly vital, particularly in emerging economies such as Nigeria (Hossain & Lipy, 2022).

Social reporting is an essential tool for companies to demonstrate their commitment to sustainable practices and corporate social responsibility (CSR). Firms that engage in social reporting often experience improved public perception, which can enhance stakeholder trust. A positive reputation for CSR activities may attract loyal customers, investors, and employees, ultimately boosting the firm's market value (Younis, & Al-Lozi, 2022). For instance, Perera and Khatri (2022) found that robust CSR disclosures were positively correlated with firm market performance, particularly in socially conscious markets.

Social reporting enables firms to identify and manage ESG risks, which can influence their long-term performance. Investors increasingly factor in ESG risks when valuing firms, making transparent social reporting a critical aspect of risk management (Sial, et al., 2020). Firms that disclose their efforts to mitigate social and environmental risks are often perceived as more stable and capable of sustainable growth, leading to higher firm valuations (Abdullah, et al., 2023).

The impact of social reporting on firm value is not uniform across all firms, as it is significantly influenced by governance factors, particularly board gender diversity (Kabara et al., 2023; Guping et al., 2020). Gender-diverse boards are often associated with enhanced decision-making and a broader perspective on social responsibility, which can improve both the quality and transparency of social disclosures (Toukabri & Kateb, 2023). This broader perspective may stem from the diverse experiences and insights brought by female board members, who are more likely to prioritize stakeholder engagement and long-term sustainability goals (Chaudhary & Sharma, 2021). Consequently, firms with gender-diverse boards are better positioned to leverage their social reporting practices to enhance stakeholder trust, which, in turn, contributes positively to their market valuation.

Despite the growing body of research on the relationship between social reporting and firm value, a significant gap still exists in fully understanding how various governance mechanisms, particularly board gender diversity, influence this relationship in emerging markets such as Nigeria. While studies have demonstrated that social reporting can positively affect firm value (Awaysheh et al., 2020; Hassan & Marimuthu, 2020), the moderating role of governance structures, especially gender diversity on boards, remains underexplored in the context of non-financial firms in developing economies.

Although a few studies have examined the impact of board gender diversity on corporate social responsibility (CSR) and firm performance (Chaudhary & Sharma, 2021; Guping et al., 2020; Alawi, et al 2024; Fosu, et al 2024, the intersection of these factors in shaping social reporting practices and their subsequent effects on firm value has not been sufficiently addressed, particularly in emerging markets. Moreover, while some studies have emphasized the importance of corporate governance compliance in improving CSR disclosures (Kabara et al., 2023), there is a lack of empirical evidence specifically focusing on how gender diversity on boards moderates the effect of social reporting on the market valuation of firms in Nigeria. Thus, addressing this gap is crucial for providing insights into the unique governance practices that influence the effectiveness of social reporting in driving firm value, particularly in non-financial firms within emerging markets like Nigeria.

The motivation for this study stems from the growing recognition of the importance of corporate governance and social reporting in shaping the firm value of non-financial firms, particularly in emerging markets such as Nigeria. In recent years, there has been a global shift towards greater transparency in corporate activities, with an increasing emphasis on environmental, social, and governance (ESG) disclosures. Companies that engage in comprehensive social reporting not only demonstrate corporate responsibility but also often gain competitive advantages in terms of reputation, stakeholder trust, and investor confidence. However, the value-enhancing impact of such social disclosures remains understudied, particularly in non-financial sectors. This study seeks to fill that gap by exploring how social reporting can influence firm value in the context of non-financial firms in Nigeria.

2. Literature Review

Social Reporting

Social reporting refers to the process through which organizations disclose information regarding their social, ethical, and environmental impacts, initiatives, and performance. It extends beyond traditional financial reporting to capture a firm's interactions with stakeholders, including employees, customers, investors, communities, and society at large. The primary objective of social reporting is to enhance corporate transparency, accountability, and responsibility in key areas such as social equity, labor practices, community involvement, and environmental sustainability (Chaudhary & Sharma, 2021; Toukabri & Kateb, 2023).

Several empirical studies have examined the relationship between social reporting and firm value, yielding mixed findings. Some studies argue that comprehensive social disclosures enhance firm value by improving corporate reputation, attracting socially conscious investors, and fostering stronger relationships with customers and other stakeholders (Kabara et al., 2023; Toukabri & Kateb, 2023). Firms that engage in proactive social reporting demonstrate their commitment to ethical business practices and sustainability, which can result in greater investor confidence, customer loyalty, and long-term profitability (Chaudhary & Sharma, 2021). Additionally, robust social reporting practices can reduce reputational risks, lower a firm's cost of capital, and attract top talent, further contributing to sustained financial performance. Conversely, some studies suggest that the relationship between social reporting and firm value is not always positive. Jizi, (2022) argued that excessive social disclosures may divert resources from core business activities, increasing operational costs without necessarily generating corresponding financial returns (Jizi, 2022). Furthermore, if social reporting is perceived as a mere compliance exercise rather than a genuine commitment to corporate responsibility, stakeholders may not attribute significant value to such disclosures, thereby limiting their impact on firm performance (Toukabri & Kateb, 2023). Given the existing empirical evidence, this study formulates the following null hypothesis:

H_0: Social reporting has no significant effect on the firm value of non-financial firms in Nigeria.

Employee Relations

Employee relations (ER) is a critical component of social reporting, as it reflects an organization's dedication to fostering a positive workplace culture and addressing employee concerns. ER encompasses strategies and practices aimed at ensuring equity, respect, and engagement within the workforce, which are fundamental in shaping how organizations develop and communicate their social responsibility initiatives (Samwel, 2018; Aliyari, 2024). Effective social reporting includes disclosures on employee welfare, workplace inclusivity, and fair treatment, all of which are influenced by the quality of ER practices. Organizations that prioritize transparent communication, employee participation, and conflict resolution are better positioned to report on their commitment to fair labor standards and human rights. Additionally, strong ER practices enhance the credibility of social reports by demonstrating that organizations not only communicate their values but actively uphold them through internal policies and actions (Badar et al., 2024).

A well-structured ER framework fosters employee trust and engagement, motivating employees to participate in corporate social responsibility (CSR) initiatives. When employees feel valued and heard, they are more likely to contribute to an organization's social and ethical commitments, thereby strengthening both internal cohesion and external reputation. This, in turn, enhances firm value by improving workforce productivity, attracting socially conscious investors, and bolstering overall corporate reputation (Yadav et al., 2024). However, the direct effect of ER on firm value remains debated. While positive ER practices can enhance firm performance by improving employee retention and reducing operational risks, some studies argue that investments in ER may not yield immediate financial returns, making their impact on firm value uncertain (Jizi, 2022). Based on the existing literature, this study proposes the following null hypothesis:

H_0: Employee relations have no significant effect on the firm value of non-financial firms in Nigeria.

Community Investment

Community investment represents a key dimension of corporate social responsibility (CSR) and a vital aspect of social reporting. It encompasses the initiatives and resources that organizations allocate to improve the social, economic, and environmental well-being of the communities where they operate. These investments often include philanthropy, infrastructure development, education, healthcare, and environmental conservation projects aimed at fostering sustainable development (Aliyari, 2024). Organizations engaged in meaningful community investment demonstrate their commitment to addressing societal challenges and enhancing their reputational capital. By aligning corporate objectives with community needs, firms contribute to long-term socioeconomic stability, which, in turn, strengthens stakeholder trust and loyalty. For example, community investment initiatives such as scholarships, vocational training, or health outreach programs not only uplift local populations but also create a skilled and healthy workforce, indirectly benefiting the organization (Samwel, 2018; Yadav et al., 2024).

Social reporting serves as the primary mechanism for communicating these efforts to stakeholders. Through transparent and detailed disclosures, companies provide evidence of their contributions and accountability. High-quality reporting not only reinforces the organization's reputation but also enhances its appeal to socially conscious investors, customers, and regulators. Moreover, it signals the organization's commitment to ethical governance and sustainable practices (Saleh et al., 2021).

Recent studies emphasize that community investment is no longer viewed merely as a philanthropic endeavor but as a strategic business practice. It aligns corporate growth with societal advancement, ensuring that businesses remain resilient in dynamic economic environments. Notably, community investment fosters a reciprocal relationship: communities benefit from enhanced well-being, while businesses gain social legitimacy and a competitive edge (Kabara et al., 2023; Badar et al., 2024).

Stakeholder Engagement

Stakeholder engagement refers to the process through which organizations actively involve individuals, groups, or entities that are affected by or can influence their operations. It is a fundamental aspect of social reporting, promoting transparency, accountability, and trust between businesses and stakeholders. Effective engagement ensures that diverse interests are considered in decision-making, fostering mutual understanding and alignment of objectives (Aliyari, 2024; Yadav et al., 2024). Key stakeholders include employees, customers, investors, suppliers, local communities, regulators, and non-governmental organizations (NGOs). Organizations employ various mechanisms such as surveys, focus groups, community consultations, and strategic partnerships to identify and address stakeholder concerns. Proactive engagement strengthens relationships, mitigates risks, and contributes to long-term value creation by addressing social and environmental challenges while enhancing business resilience (Saleh et al., 2021).

In social reporting, stakeholder engagement plays a crucial role in identifying material issues that reflect both stakeholder priorities and corporate sustainability goals. Reporting frameworks like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) emphasize stakeholder inclusiveness and materiality in reporting processes. These frameworks guide organizations in disclosing relevant and meaningful information that demonstrates responsiveness to stakeholder concerns (Badar et al., 2024).

Research indicates that effective stakeholder engagement fosters ethical governance, improved decision-making, and enhanced reputational capital. For instance, involving local communities in environmental assessments or collaborating with NGOs on social projects can mitigate risks and generate positive social outcomes. Engaged stakeholders are also more likely to support corporate initiatives, boosting operational efficiency and market reputation (Samwel, 2018; Kabara et al., 2023).

Additionally, stakeholder engagement serves as a feedback mechanism, allowing businesses to evaluate and refine their sustainability practices. By integrating stakeholder input into performance assessments, companies can address gaps, drive innovation, and reinforce their commitment to social responsibility. This enhances both the credibility of social reporting and the strategic alignment of corporate objectives with broader societal needs (Guping et al., 2020). Despite these advantages, the direct impact of stakeholder engagement on firm value remains debated. While some studies highlight its positive influence on firm performance through enhanced reputation and risk management, others suggest that stakeholder engagement efforts may not yield immediate financial benefits (Jizi, 2022). Based on the existing literature, this study proposes the following null hypothesis:

H_0: Stakeholder engagement has no significant effect on the firm value of non-financial firms in Nigeria.

Board Gender Diversity

Board gender diversity refers to the representation of different genders, particularly women, on a company's board of directors. It has emerged as a critical aspect of corporate governance due to its influence on decision-making quality, governance practices, and firm performance. A gender-diverse board brings varied perspectives, experiences, and problem-solving approaches, potentially enhancing corporate governance and overall business success (Kabara et al., 2023; Saleh et al., 2021).

Gender-diverse boards tend to promote inclusive policies that strengthen employee relations, resulting in more comprehensive and transparent reporting on workforce-related matters. Women directors often advocate for policies prioritizing employee well-being, diversity, and inclusion, which can influence corporate social disclosures (Aliyari, 2024). By fostering a positive workplace culture, gender-diverse boards can enhance corporate reputation and employee trust, which may ultimately impact long-term firm value (Saleh et al., 2021).

Empirical evidence suggests that board gender diversity significantly affects firm performance and governance practices. Diverse boards tend to engage in more thorough discussions, incorporate multiple viewpoints, and make well-balanced strategic decisions (Guping et al., 2020). Additionally, female directors are often associated with stronger commitments to corporate social responsibility (CSR), ethical behavior, and sustainability efforts (Toukabri & Kateb, 2023).

Moreover, the presence of women on boards enhances corporate transparency and accountability. Gender-diverse boards are more likely to ensure that corporate disclosures, including financial, social, and environmental reports, align with stakeholder expectations (Kabara et al., 2023). This improved transparency can bolster corporate credibility, enhance investor confidence, and ultimately contribute to increased market valuation.

From a financial perspective, studies indicate that firms with gender-diverse boards tend to achieve superior financial performance and attract more investors. Companies perceived as ethical, responsible, and inclusive often experience better access to capital, lower equity costs, and higher stock valuations (Saleh et al., 2021). Furthermore, gender-diverse boards have been linked to reduced risk-taking behavior, thereby minimizing the likelihood of financial mismanagement or scandals (Aliyari, 2024).

The moderating role of board gender diversity is particularly relevant when examining the impact of social reporting on firm value. Gender-diverse boards can enhance the effectiveness of social reporting by aligning it with broader corporate strategies and stakeholder expectations (Toukabri & Kateb, 2023). This alignment strengthens corporate reputation, attracts socially responsible investors, and contributes to improved market performance. Additionally, gender-diverse boards reinforce corporate governance through greater transparency and ethical leadership, further enhancing shareholder wealth (Kabara et al., 2023; Saleh et al., 2021). Based on these insights, this study proposes the following hypothesis:

H_0: Board gender diversity has no significant moderating effect on the relationship between social reporting and firm value in non-financial firms in Nigeria.

Theoretical Review

Stakeholder Theory- Stakeholder theory propounded by Freeman (1984). Freeman argued that a firm's success depends not only on its ability to maximize shareholder wealth but also on its capacity to create value for a broad array of stakeholders. These stakeholders include employees, customers, suppliers, communities, and any group or individual who can affect or be affected by the firm's objectives.

Stakeholder theory emphasizes that firms have a responsibility to address the interests of all stakeholders, not just shareholders. Social reporting, which includes disclosures on employee relations, community investment, and stakeholder engagement, aligns with this broader view of corporate responsibility. Gender-diverse boards are more likely to adopt inclusive and balanced approaches to stakeholder management, as they bring diverse perspectives and experiences to corporate decision-making (Kabara et al., 2023). This inclusivity ensures that a firm's social reporting efforts are more comprehensive, leading to stronger stakeholder relationships and enhanced firm value.

Resource Dependence Theory - Resource Dependence Theory (RDT) was propounded by Pfeffer and Salancik (1978). The theory posits that organizations are not self-sufficient entities but are deeply embedded in networks of interdependencies. To survive and thrive, firms must obtain critical resources from their external environment, such as capital, labor, technology, and information. Resource dependence theory highlights the importance of a firm's external relationships in accessing critical resources and gaining legitimacy. Board diversity, particularly gender diversity, is seen as a valuable resource that enhances a board's capacity to address complex social and environmental issues. Women on boards can provide unique insights into community investment and employee relations, thereby improving the quality of social disclosures. This enhanced capacity for resource management and stakeholder engagement can positively influence a firm's reputation and financial performance (Toukabri & Kateb, 2023).

3. Methodology

This study employed an ex-post facto research design, which is suitable for investigating relationships between variables where the researcher has no control over the independent variables due to their occurrence in the past. The design is particularly appropriate for exploring the moderating effect of board gender diversity on the relationship between social reporting and firm value, as it allows for the analysis of historical data to establish causal inferences without manipulation.

Population, Sample, and Sampling Techniques

The population of this study comprises 104 non-financial companies quoted on the Nigerian Exchange Group (NGX) as of 31st December 2024. These companies span across several sectors, including Agriculture, Conglomerates, Consumer Goods, Industrial Goods, Healthcare, Technology, Real Estate and Construction, Oil and Gas, Services, and Natural

Resources. The Yamane's (1967) sample selection method was used and a total of 83 firms were selected

Methods of Data Collection

This study employed a secondary data collection approach, sourcing data from publicly available records and documents. The primary sources of data included the annual reports and financial statements of the sampled non-financial companies listed on the Nigerian Exchange Group (NGX). These reports provided information on corporate social reporting indicators, financial performance metrics, and board characteristics, including gender diversity.

Technique of Data Analysis and Model Specification. System Generalized Method of Moments (System GMM) was adopted as the primary technique of data analysis.

Baseline Model

The baseline relationship is expressed as:

$FV_{it}=\alpha 0+\beta_1 ER_{it}+\beta_2 CI_{it}+\beta_3 SE_{it}+\beta_4 FS_{it}+\epsilon_{it.}$ ………………………………………………….. 1

Firm value (FVit) represents the value of firm iii at time ttt. Employee relations (ERit) reflect the quality of interactions between employees and management within firm iii at time ttt. Community investment (CIit) denotes the extent of firm iii's contributions to societal development at time ttt. Stakeholder engagement (SEit) captures the firm's efforts to involve key stakeholders in decision-making and corporate activities at time ttt. Firm size (FSit) accounts for the scale and operational capacity of firm iii at time ttt. $\epsilon_{it::}$ Error term.

Dynamic Panel Model

$FV_{it}=\alpha 0+\delta FV_{it}-1+\beta 1ER_{it}+\beta 2CI_{it}+\beta 3SE_{it}+\beta 4FS_{it}+\beta 5BGD_{it}+\beta 6(ER\times BGD)_{it}+\beta 7(CI\times BGD)_{it}+\beta 8(SE\times BGD)_{it}+\epsilon_{it}$ ……………………………………………………………………... 2

Table 1: Variables and their Measurements

Variable	Measurement	Sources/Authors
Dependent Variable		
Firm Value	Tobin's Q: Tobin's Q=Market Value of Equity + Total Liabiliti esTotal Assets	Anderson & Reeb (2003), Saleh et al. (2021)
Independent Variables		
Employee Relations	Proportion of disclosures meeting predefined criteria based on GRI standards	Samwel (2018), Yadav et al. (2024)
Community Investment	CI=Total Community SpendingTotal Revenue×100\ text{CI}×100	Aliyari (2024), Yadav et al. (2024)
Stakeholder Engagement	Count and quality of stakeholder meetings and partnerships, weighted by reporting transparency	Badar et al. (2024), Toukabri & Kateb (2023)
Moderating Variable		
Board Gender Diversity (BGDBGDBGD)	BGD=Number of Female DirectorsTotal Number of Directors×100	Saleh et al. (2021), Kabara et al. (2023)
Control Variables		
Firm Size	Natural logarithm of total assets	Kabara et al. (2023), Anderson & Reeb (2003)

Source: Author's Compilation

4. Results

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

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
Fv	819	4.662937	2.486498	1.0792	18.544
Er	819	0.2677384	0.1780252	0	0.655555
Ci	819	0.3359312	0.1926289	0.04565	1.11121
Se	819	0.2662416	0.1284115	0.0666667	0.6145849
bgd	819	0.0759621	0.1114861	0	0.556
fsiz	819	7.07851	0.3022365	6.2	7.9

Source: Author's Computation

The descriptive statistics provide an overview of the data and reveal key characteristics of the sampled firms. The mean firm value (FV), measured by Tobin's Q, is approximately 4.66, with a standard deviation of 2.49. This indicates significant variability among firms, as some are highly valued relative to their book value, with a maximum of 18.54, while others are closer to their book value, with a minimum of 1.08. Employee relations (ER) show a mean of 0.27 and a standard deviation of 0.18, suggesting that employee-related disclosures are relatively low across firms. Some firms report no employee relations activities, while others have a more robust approach, with a maximum value of 0.66.

Community investment (CI) has a mean score of 0.34, reflecting moderate levels of commitment, and exhibits greater variability, with a standard deviation of 0.19. The maximum value of 1.11 highlights that some firms make substantial contributions to community-focused activities, while others, with a minimum of 0.05, show limited efforts in this area. Stakeholder engagement (SE) practices have a mean of 0.27, with lower variability (standard deviation of 0.13), indicating a relatively consistent approach across firms. The minimum value of 0.07 and a maximum of 0.61 reflect varying levels of engagement, though less pronounced than other indicators.

Table 2: Correlation Matrix Table

	Fv	er	ci	se	bgd	fsiz
Fv	1					
Er	0.0533	1				
Ci	-0.0849	-0.0653	1			
Se	-0.0221	0.0562	0.0497	1		
Bgd	0.3338	0.0128	0.1373	0.0093	1	
Fsiz	-0.0382	0.0943	-0.0195	-0.0072	0.0911	1

Source: Author's Computation

Board gender diversity (BGD) shows a mean of 0.08, reflecting the underrepresentation of women on corporate boards, with many firms having no female board members (minimum of 0). Only a few firms achieve notable diversity, with a maximum of 0.56. Finally, firm size (FSIZ), measured as the natural logarithm of total assets, has a mean of 7.08 and a standard deviation of 0.30. The narrow range, from a minimum of 6.20 to a maximum of 7.90, indicates that most firms are of comparable scale.

Firm value (FV) shows a weak positive correlation with employee relations (ER) (0.0533) and board gender diversity (BGD) (0.3338). The stronger correlation with BGD suggests that firms with more gender-diverse boards tend to have higher firm value, supporting the view that diversity enhances decision-making and firm performance. Conversely, FV has a weak negative correlation with community investment (CI) (-0.0849), stakeholder engagement (SE) (-0.0221), and firm size (FSIZ) (-0.0382), indicating that these variables may not have a direct or substantial influence on firm value in isolation.

Table 3: Direct Effect Model

	Coefficient	Std. err.	Z	P>|z|
FV	0.1550	0.0740	2.10	0.036
L1.				
Er	0.0294	0.3363	0.09	0.930
Cl	-0.2286	0.3974	-0.58	0.565
Se	1.3134	0.4716	2.78	0.005
Fsiz	0.9882	0.2005	4.93	0.000
Wald chi2(6) = 44.82				
Prob > chi2 = 0.0000				

Source: Author's Computation

The baseline model results using the one-step System GMM estimation reveal significant insights into the relationship between firm value and the selected predictors: employee relations (ER), community investment (CI), stakeholder engagement (SE), board gender diversity (BGD), and firm size (FSIZ). The inclusion of the lagged dependent variable (FV L1) accounts for dynamic effects, showing a positive and significant. This indicates that past firm value positively influences current firm value, suggesting a persistence in firm performance over time.

Employee relations (ER) exhibit a positive but statistically not significant relationship with firm value. Similarly, community investment (CI) has a negative no significant effect implying that these variables may not directly enhance firm value within the study context. In contrast, stakeholder engagement (SE) demonstrates a strong positive and significant impact on firm value, underscoring its critical role in fostering trust and collaboration, which can drive organizational performance.

Board gender diversity (BGD) has a positive yet statistically not significant coefficient. Although, the findings suggest potential benefits of gender diversity on firm value, these effects might require a longer-term perspective or interaction with other factors to become significant. Firm size (FSIZ), on the other hand, exhibits a significant positive relationship with firm value. This highlights that larger firms, with their greater resources and market influence, are better positioned to achieve higher firm value.

The overall model diagnostics indicate robustness, with a Wald Chi-Square value of 44.82 (p = 0.000), confirming that the independent variables collectively explain variations in firm value. These findings emphasize the importance of stakeholder engagement and firm size as key drivers of firm value while suggesting the need for further investigation into the indirect or long-term effects of employee relations, community investment, and board gender diversity.

Table 4: Dynamic Panel Model

	Coefficient	Std. err.	Z	P>|z|
FV	0.1496	0.0743	2.01	0.044
L1.				
Er	-0.2960	0.3834	-0.77	0.440
Cl	-0.4484	0.4701	-0.95	0.340
Se	1.5582	0.5304	2.94	0.003
Er-bgd	4.6739	2.5772	1.81	0.070
clr-bgd	0.0799	0.0265	3.01	0.003
ser-bgd	0.4695	0.1260	3.72	0.000
Fsiz	0.9990	0.2025	4.93	0.000
Wald chi2(8) = 47.98				
Prob > chi2 = 0.0000				

Source: Author's Computation

The dynamic panel model results, estimated using the one-step System Generalized Method of Moments (GMM) approach, offer a comprehensive understanding of the factors influencing firm value (FV). One of the key findings is the positive and significant relationship between lagged firm value (FV L1) and current firm value. This indicates that the performance of a firm is persistent over time, highlighting the crucial role of past firm performance in shaping current performance. This result aligns with the notion of firm performance dynamics, where prior outcomes help to maintain or propel future success, underscoring the importance of long-term strategy and decision-making.

The study further reveals that employee relations (ER) and community investment (CI) have negative significant effects on firm value. These findings suggest that, in the short term, employee relations and community investment may not have a direct or immediate impact on firm value. This is consistent with the views of McWilliams and Siegel (2020), who argue that the impact of employee relations on firm performance may not be direct and can manifest indirectly over time, while community investment initiatives may require better alignment with corporate objectives to be effective.

Stakeholder engagement (SE) emerges as a significant determinant of firm value, emphasizing its critical role in enhancing organizational performance. This result supports Stakeholder Theory, which posits that firms should manage and engage with various stakeholders (e.g., employees, customers, suppliers, communities) to create value. The positive influence of stakeholder engagement on firm value highlights the importance of fostering strong relationships with stakeholders, building trust, and enhancing collaboration, all of which contribute to the long-term sustainability and success of a firm. This is in line with Freeman et al. (2020), who stress that stakeholder engagement is central to building long-term value for both the firm and its stakeholders. García-Sánchez et al. (2022) also underscore the significance of stakeholder management in enhancing firm performance and ensuring the long-term sustainability of firms.

The interaction between employee relations and board gender diversity (ER_BGD) is positive but not significant suggesting that the potential for board gender diversity to amplify the impact of employee relations on firm value exists but may need further exploration. This indicates that while gender-diverse boards may have the capacity to positively influence employee relations, the effect may not be immediately evident or significant in the short term. This finding warrants further research to examine how gender diversity within boards affects the management of employee relations and its subsequent impact on firm performance.

A more pronounced interaction is observed between community investment and board gender diversity (CI_BGD), which shows a negative. This unexpected result indicates that the presence of gender-diverse boards may have a counterproductive effect on community investment initiatives, potentially diminishing their positive impact on firm value. It could reflect the complex dynamics between community investment strategies and board diversity, suggesting that the interaction between these variables might not always be straightforward. The negative interaction effect may arise from misalignments in how community initiatives are perceived or executed by gender-diverse boards, which may require further refinement of strategies to ensure their alignment with the broader corporate goals. This contrasts with previous studies, such as Cheng, Ioannou, and Serafeim (2014), who emphasize the positive effects of community investment on firm performance, suggesting that better integration of community investment initiatives with overall business strategies could enhance their effectiveness.

In contrast, the interaction between stakeholder engagement and board gender diversity (SE_BGD) shows a positive and significant. This finding indicates a synergistic effect between stakeholder engagement and board gender diversity in driving firm value. Gender-diverse boards appear to enhance the effectiveness of stakeholder engagement strategies, amplifying their positive influence on firm performance. This result aligns with previous studies, such as those by Terjesen, Couto, and Francisco (2016), who argue that board diversity leads to better governance and improved stakeholder relations, thereby enhancing firm value. The positive effect suggests that diverse boards bring a variety of perspectives and decision-making approaches, which contribute to more effective stakeholder engagement and, consequently, greater firm value.

From the perspective of Resource-Based Theory (RBT), the positive and significant effect of SE_BGD suggests that board gender diversity is a valuable, rare, and non-substitutable resource that enhances the strategic value of stakeholder engagement initiatives. In RBT, resources that are difficult to imitate or substitute provide firms with a competitive advantage. Gender-diverse boards are seen as a strategic asset, able to leverage stakeholder engagement more effectively to enhance firm value. This finding is supported by Lin, Zeng, and Zhu (2021), who found that the positive relationship between corporate social responsibility (CSR) and financial performance is moderated by firm size, underscoring the importance of valuable re1sources in improving firm performance.

The study's findings regarding employee relations and community investment also contribute to the broader literature on corporate social responsibility (CSR). While these factors are often considered integral to CSR initiatives, their direct impact on firm value in the short term appears limited in this study. This aligns with the view of McWilliams and Siegel (2020), who suggested that CSR activities, such as employee relations and community investment, may have delayed effects on firm value or may require more strategic integration to realize their full potential. In contrast, stakeholder engagement shows a more immediate and significant impact on firm value, supporting the notion that actively managing relationships with stakeholders can lead to tangible and long-term benefits for firms.

5. Conclusion and Recommendations

This study examined the factors influencing firm value (FV) using dynamic panel modeling with the System GMM approach. The results underscore several critical findings.

Stakeholder engagement was found to have a positive and significant effect on firm value. This finding aligns with the notion that fostering relationships with key stakeholders plays a pivotal role in improving a firm's value, as it enhances trust, cooperation, and overall organizational performance. Both employee relations and community investment had negative and statistically insignificant relationships with firm value. These findings suggest that, at least in the short term, employee relations and community investments may not directly influence firm value.

The interaction terms between various corporate factors and board gender diversity produced mixed results. Specifically, the interaction between community investment and board gender diversity (CI_BGD) was negative and significant. This result suggests that board gender diversity may dilute the effectiveness of community investment on firm value, indicating that gender-diverse boards may approach community investments in ways that reduce their impact.

Interaction between Stakeholder Engagement and Board Gender Diversity was highly significant, reinforcing the idea that gender-diverse boards enhance the effectiveness of stakeholder engagement strategies, thus driving firm value. This highlights the synergistic role of gender diversity in fostering more effective stakeholder relations and achieving higher firm performance.

Based on the conclusions, the study recommends several key policy and managerial actions. First, firms should prioritize stakeholder engagement as a strategic tool for enhancing firm value. Regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) should consider mandating stakeholder engagement disclosures in corporate reports to promote accountability and long-term value creation. also, Governments and regulatory agencies should introduce labor policies that encourage fair wages, career progression opportunities, and workplace diversity. For community investment, firms should ensure that corporate social responsibility (CSR) initiatives align with business objectives to enhance both financial and social benefits. This alignment will make CSR efforts more impactful and contribute to firm sustainability. Furthermore, corporate governance codes should encourage gender diversity policies that mandate minimum female representation on boards. Companies should also foster inclusive boardroom environments that leverage diverse perspectives in decision-making.

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