

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY AND EFFECTIVE CORPORATE GOVERNANCE ON FIRM VALUE OF CONSTRUCTION/REAL ESTATE COMPANIES IN NIGERIA

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ABSTRACT

The research investigated the impact of corporate social responsibility and effective corporate governance on firm value of construction/real estate companies in Nigeria. The study employed a nonprobability sampling method, specifically utilizing purposive sampling, to select companies that disclosed their financial statements through the Nigeria Exchange Group from 2014 to 2023. Secondary data was utilized for the analysis, with multiple linear regression employed as the data analysis technique. The findings suggest that both corporate social responsibility and effective corporate governance positively influence firm value. Based on the positive impact of corporate social responsibility and effective corporate governance on firm value, companies should prioritize integrating these practices into their organizational strategies to enhance their financial performance and overall value. These results offer implications for enriching the research model and supporting further empirical studies concerning the relationship between corporate social responsibility, effective corporate governance, and firm value.

INTRODUCTION

The value of a company can be influenced by both internal and external factors. One key factor is Corporate Social Responsibility (CSR), which involves a business's commitment to ethical behavior, legal compliance, and efforts to enhance the quality of life for its employees, their families, the local community, and society at large (Nayenggita et al., 2019). The development of CSR stems from public distrust in companies, which encompasses not only corporations but also other business activities, regardless of their legal structure. CSR, defined by Nayenggita et al. (2019) as a commitment to ethical conduct, legal compliance, and societal betterment, has evolved as a response to public scrutiny and the imperative for businesses to contribute positively beyond profit-making. This evolving role is critical in fostering trust and enhancing the quality of life for stakeholders ranging from employees to local communities. Similarly, CG plays a fundamental role in shaping how companies are managed and controlled, ensuring transparency, accountability, and sustainable business practices.

Companies use corporate governance (CG) and corporate social responsibility (CSR) to enhance their financial performance. Both CSR and CG are crucial for the sustainable growth of developing countries. The financial benefits of social responsibility highlight its importance for firms. Researchers have extensively examined the relationship between "Corporate Governance" and "Corporate Performance" using various methodologies, indicators, and contexts, often incorporating different intervening variables. However, one frequently overlooked intervening variable that impacts corporate performance is "Corporate Social Responsibility." Numerous studies have explored the effect of corporate governance on a firm's performance, revealing positive, negative, and sometimes no relationships between CG and

corporate performance (CP). These varying results stem from the use of different theories, methodologies, indicators, and contexts. In Saudi Arabia, the emphasis is on selecting "socially participating" firms for investment. The theoretical frameworks underlying previous research include agency theory, stewardship theory, resource dependency theory, signaling theory, and stakeholder theory (Rodriguez-Fernandez, 2016).

The availability and implementation of these development initiatives have fostered a positive relationship between companies, their owners, and the community members who benefit directly from them (Richard & Okoye, 2017). Some authors, such as Andriof and McIntosh (2017), argue that an organization should focus solely on its operations and not take on additional responsibilities, as doing so could decrease its profit margin. In contrast, Nwoke, U. (2021) contends that companies must assume greater responsibility for society and all stakeholders, including the host community, and address social and environmental issues within their operating environment, as this enhances the company's reputation.

Recently, there has been an increase in CSR disclosures, not only through sustainability reports but also via digital reporting (Coluccia, Fontana, & Solimene, 2016). CSR involves a company's voluntary contribution to sustainable development beyond legal requirements. In recent years, there has been a notable rise in CSR campaigns and related disclosure activities. Large companies now invest considerable effort and resources in disseminating information about their social and environmental performance. Previous studies have primarily focused on the impact of CSR on accounting management of earnings and its effect on the cost of capital (Zouari-Hadiji, & Chouaibi, 2021). However, a study by Turkel et al. (2016) on the European Union demonstrated that CSR is a tool that companies may voluntarily adopt to contribute to a better society and a cleaner environment.

Corporate Social Responsibility (CSR) has garnered significant attention from both academia and the business sector (Lu and Taylor, 2016; Brooks and Oikonomou, 2018). Recently, new criteria have emerged for evaluating and engaging companies in implementing strategies that rigorously adhere to environmental, social, and governance (ESG) requirements. ESG practices encompass activities aimed at improving a company's impact on the environment and society, as well as addressing corporate governance issues such as integrity, ethics, transparency, and effective board functioning (Lu and Taylor, 2016; Limkriangkrai et al., 2017). According to the principles for responsible investment, fair tax payment is a key ESG factor, playing a crucial role in shaping the economy, society, and state.

Therefore, as global expectations for corporate responsibility continue to evolve, Nigerian construction and real estate companies stand at a critical juncture to leverage CSR and CG as catalysts for sustainable growth and enhanced firm value. This exploration aims to illuminate pathways for these sectors to thrive amidst shifting regulatory landscapes and stakeholder demands, ultimately shaping a more resilient and responsible business environment in Nigeria.

This study aims to explore the intricate relationships between CSR, CG, and firm value within Nigeria's construction and real estate sectors. By examining empirical evidence and theoretical frameworks such as agency theory and stakeholder theory, this research seeks to uncover how these factors interact and influence corporate performance. Ultimately, insights gleaned from this analysis will contribute to a deeper understanding of how Nigerian companies can strategically integrate CSR and CG to enhance their competitiveness, resilience, and societal impact.

STATEMENT OF THE PROBLEM

The study aims to contribute to the expanding body of literature on the interplay between Corporate Social Responsibility (CSR), Corporate Governance (CG), and firm value within the Nigerian construction and real estate sectors. Existing research has highlighted the critical importance of CSR in fostering ethical business conduct and enhancing stakeholder relations (Nayenggita et al., 2019). Meanwhile, effective CG practices are essential for ensuring transparency, accountability, and sustainable growth (Richard & Okoye, 2017).

In Nigeria, where regulatory environments and market dynamics pose unique challenges, the impact of CSR and CG on firm value remains underexplored in specific industries such as construction and real estate. This study seeks to fill this gap by empirically assessing how CSR initiatives and governance mechanisms influence financial performance and market valuation in these sectors. The research will build upon insights from global studies that demonstrate the positive correlation between CSR practices and enhanced financial outcomes (Malik and Kanwal, 2018; Pinatih and Purbawangsa, 2021).

Furthermore, the investigation will delve into governance structures such as board composition and executive compensation policies, evaluating their role in optimizing firm value amidst socio-economic complexities (Worokinasih and Zaini, 2020; Pekovic and Vogt, 2021). Understanding these dynamics is crucial for stakeholders ranging from executives to policymakers, enabling informed decisions that promote sustainable development and stakeholder engagement in Nigeria's evolving economic landscape (Sarwar et al., 2022).

By exploring the moderating effects of ownership structures and regulatory frameworks, this study aims to provide actionable insights that can guide strategic interventions and policy reforms. Such insights are essential for fostering a resilient and socially responsible corporate environment that aligns with global standards of ESG (Environmental, Social, and Governance) practices (Lu and Taylor, 2016; Aryan, 2021).

This research endeavors to advance academic knowledge while offering practical implications for enhancing corporate governance practices and CSR strategies within Nigeria's construction and real estate sectors. By doing so, it aims to contribute to sustainable value creation and socio-economic development in the region, benefiting stakeholders and communities alike (Coluccia et al., 2016; Festa et al., 2021a, 2021b). Therefore, the primary objective of this study is to

LITERATURE REVIEW

Corporate Governance

With the right corporate governance mechanisms, a firm's financial performance can be improved (Kyerem and Ausloos, 2021). Firm performance is measured using various indicators, including Return on Assets (ROA) for operating performance, Return on Equity (ROE) for financial performance, and Tobin's Q for market-based performance. Corporate governance (CG), on the other hand, is measured through factors such as board size, frequency of board meetings, audit committee size, frequency of audit committee meetings, ownership concentration among individuals, institutions, and family members (for family-owned businesses), CEO role duality, and the percentage of independent directors on the board and audit committee (Adewumi, & Omole, 2023).

Corporate governance codes are more rigorously followed in developed countries, and a stronger corporate governance structure is associated with better operating performance, according to a study by the University of British Columbia (UBC) published in the *American Journal of Banking and Economics* (Sayari and Marcum, 2018). In developed countries, board meetings and female representation on boards have a significant positive impact on financial performance, while board independence and board size have a significant negative relationship with financial performance. Conversely, in developing countries, firms' financial performance appears negatively associated with board independence, likely due to different institutional settings in these regions (Ali et al., 2020).

Ignoring or failing to adhere to corporate governance codes negatively impacts firm performance. Extensive research underscores a strong connection between corporate governance practices and business success (Alalade et al., 2019; Ullah et al., 2017; Yameen et al., 2019). Studies by Yameen et al. (2019) and Alalade et al. (2019) indicate that strong corporate governance is essential for higher firm performance. However, the effectiveness of these practices is also influenced by the ownership structure (Obembe et al., 2010). For example, in Ghana, foreign-owned companies outperform locally-owned ones due to better compliance with corporate governance codes (Selassie, 2018). Historically, many bank failures in Ghana have involved locally-owned banks (Selassie, 2018).

Corporate governance provides a framework of laws, traditions, and protocols that govern business practices. It regulates the relationships between various stakeholders, including shareholders, management, and the board of directors, with the aim of promoting accountability, transparency, and effective decision-making. It delineates the connections between a company's shareholders, managers, and board of directors and includes the checks and balances the company uses to oversee its operations (Almaqtari, Hashed, Shamim, & Al-ahdal, 2021).

In this framework, corporate governance is upheld by three key pillars: shareholders, management, and the board of directors. Shareholders provide the business with financial resources, while managers handle the daily operations. The board of directors, on the other hand, monitors and approves the actions and decisions of the management team (Nor, 2022). The board's composition—its size, independence, and the presence of an audit committee—greatly affects how the company is managed. Non-executive directors are essential for ensuring board independence. Furthermore, audit quality is a critical element of corporate governance, especially within the banking sector. Effective corporate governance practices are essential for ensuring financial stability, protecting shareholder interests, and enhancing overall institutional performance (Hasan, Aly & Hussainey, 2022).

Key Aspects of Corporate Governance in Nigeria

Board Structure and Composition: The importance of an effective board of directors is emphasized, with recommendations for board diversity, independence, and the establishment of specialized committees. Board structure and composition play a pivotal role in corporate governance by influencing decision-making, oversight, and accountability within organizations (Rao, & Tilt, 2016). Board structure refers to the organization of the board of directors, including the size, diversity, and independence of its members. Composition refers to the mix of skills, backgrounds, and expertise that directors bring to the boardroom. An effective board structure and composition are essential for ensuring that boards fulfill their governance responsibilities and make informed decisions that align with the organization's goals and stakeholders' interests (Piscitelli, & Geobey, 2020)

Board Size: Research suggests that the optimal board size strikes a balance between efficiency and effectiveness. Smaller boards can improve decision-making speed, while larger boards offer a broader range of expertise. The ideal size depends on the organization's complexity, industry, and governance requirements. The size of a corporate board of directors is a crucial aspect of corporate governance, widely discussed and studied in both academic and business circles. It refers to the number of members on a company's board and significantly impacts decision-making, strategic planning, and overall firm performance. This essay explores the various perspectives, theories, empirical studies, and practical implications related to board size in corporate governance (Naciti, Cesaroni, & Pulejo, 2022).

Price (2017) highlights the debate over whether smaller boards are more effective than larger ones. The Australian Institute of Company Directors recommends 8 to 12 directors for large listed companies, 6 to 8 for medium-sized companies, and 4 to 6 for small companies. Research by GMI Ratings, cited by Price, indicates that smaller boards tend to produce stronger returns and provide better oversight. Price concludes that board composition should meet the unique needs of a business, considering factors such as company size, industry, strategic requirements, and stage in the business cycle.

Valeur (2017) emphasizes the need for diversity in the composition of boards of listed companies to ensure effective succession planning and strategic thinking. This diversity should encompass a range of professional skills and emotional intelligence. The Financial Reporting Council of the United Kingdom stresses that constructive and challenging dialogue is essential for effective board functioning, which is fostered by greater board diversity. A board balanced with varying backgrounds, skills, and experiences can engage in deeper, richer discussions and bring the necessary expertise to address various challenges. This diversity also helps the board to better identify opportunities and risks, reducing the likelihood of groupthink.

Board composition refers to the structure, diversity, and skills of a company's board of directors. It includes the mix of executive and non-executive directors, their qualifications and experiences, and the balance between internal and external perspectives. A well-composed board is not merely a legal requirement but a strategic asset that can enhance decision-making, foster innovation, and mitigate risks (Mahadeo, Soobaroyen, & Hanuman, 2012).

A diverse board brings together a variety of viewpoints, leading to more robust discussions and strategic decisions. It includes individuals with different skills and experiences, providing valuable insights into complex challenges (Luciano, Nahrgang, & Shropshire, 2020). Board composition ensures representation of various stakeholders, including shareholders, employees, and sometimes community interests. This representation fosters accountability and ensures decisions consider a broad spectrum of perspectives. Boards with diverse expertise can effectively evaluate risks across different aspects of the business, from financial to ethical and environmental concerns. This holistic approach to risk management is vital in today's complex business landscape.

However, some directors hold positions on multiple boards, raising concerns about their ability to dedicate sufficient time and attention to each company. Overboarding can compromise board members' effectiveness. Additionally, traditional boards might resist diversification efforts due to existing norms and biases. Overcoming these challenges requires proactive measures and a commitment to inclusivity (Luciano, Nahrgang, & Shropshire, 2020).

Independent directors play a vital role in providing impartial oversight and ensuring decisions are made in shareholders' best interests (Mukherjee, 2023). Regulatory bodies often mandate

a minimum number of independent directors on boards to avoid any material relationships that might compromise their independence. Diversity in board composition, including gender, age, ethnicity, and professional backgrounds, is associated with better decision-making, enhanced innovation, and wider strategic perspectives. Regulatory and market forces are driving efforts to increase gender and ethnic diversity on boards. Boards benefit from directors with a range of skills, such as financial, industry-specific, legal, and technological expertise, which enhance their ability to provide effective oversight and strategic guidance. Companies in Nigeria are expected to provide accurate and timely information to shareholders and regulators, enhancing transparency and trust. These practices are crucial in business, governance, and information dissemination. Corporate governance theories and models help understand the relationships, structures, and mechanisms that influence corporate behavior, management, and stakeholder interactions, explaining how businesses are directed and controlled while balancing the interests of various stakeholders (Stoelhorst, & Vishwanathan, 2024).

Gender diversity involves including different genders in various organizational roles, especially leadership positions, to ensure fair and equal treatment regardless of gender, eliminating biases and stereotypes (Omole, & Ayodeji, 2024). Historically, corporate leadership has been male-dominated, but there has been a gradual shift toward greater gender diversity. Diverse teams bring different perspectives and ideas, leading to more creative problem-solving and innovative decision-making. Research shows a positive correlation between gender diversity in leadership and financial performance, with diverse leadership teams being more profitable and financially stable. Organizations promoting gender diversity are viewed as progressive and inclusive, which helps attract top talent and improve employee retention. Companies with diverse leadership can better understand and serve diverse customer bases, leading to higher customer satisfaction and loyalty. Gender diversity in corporate leadership is both a moral and strategic imperative. Organizations that promote it see benefits in innovation, financial performance, and employee satisfaction (Fine, Sojo, & Lawford-Smith, 2020). By addressing challenges, raising awareness, and implementing proactive strategies, businesses can break gender barriers, unlock workforce potential, and create a more equitable and prosperous future.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) refers to the responsibilities businesses have to positively impact society beyond their economic and legal obligations. It includes activities aimed at enhancing societal well-being, such as environmental sustainability, ethical labor practices, community involvement, and philanthropy. Carroll's (2017) CSR pyramid outlines four levels: economic responsibility (being profitable), legal responsibility (obeying the law), ethical responsibility (doing what is right, just, and fair), and philanthropic responsibility (being a good corporate citizen).

CSR is reflected in various practices and initiatives across different industries, with companies adopting strategies that align with their unique contexts and stakeholder expectations (Castillo, 2022). A major focus of CSR is environmental sustainability, addressing climate change, resource depletion, and pollution. Companies like Apple and Unilever lead by example—Apple aims to use 100% recycled aluminum in its products, while Unilever's Sustainable Living Plan targets halving the environmental footprint of its products by 2030. Ensuring fair and ethical labor practices is another critical aspect of CSR, where companies work to provide safe working conditions, fair wages, and respect for workers' rights, addressing issues like child labor, forced labor, and workplace safety.

Community engagement through philanthropic initiatives, volunteer programs, and support for local development projects is another key area of CSR (Saz-Gil, Cosenza, Zardoya-Alegría, & Gil-Lacruz, 2020). Additionally, CSR extends to marketing practices, where companies emphasize honesty, transparency, and respect for consumer rights (Castro-Gonzalez, Bande, & Fernandez-Ferrin, 2021). Responsible marketing practices include avoiding misleading advertisements, respecting consumer privacy, and promoting products that contribute to well-being. The Dove Campaign for Real Beauty by Unilever, which promotes body positivity and challenges traditional beauty standards, is a notable example.

Benefits of Corporate Social Responsibility

Corporate Social Responsibility (CSR) initiatives play a pivotal role in enhancing a company's reputation and fostering brand loyalty (Le, et.,al, 2024). As consumers increasingly prioritize brands that demonstrate commitment to social and environmental causes, companies with strong CSR programs often enjoy heightened customer trust and loyalty, translating into increased sales and market share. Moreover, effective CSR practices contribute to robust risk management strategies by preemptively addressing social, environmental, and governance risks (Zhu, Tuo, You, Fei, & Thomson, 2024). This proactive approach helps mitigate potential legal and financial risks while safeguarding against reputational damage due to negative public perception or regulatory changes.

Furthermore, CSR initiatives positively influence employee engagement and retention rates. Employees are more likely to be motivated and committed to companies that uphold ethical standards and contribute positively to society (Boutmaghzoute, & Moustaghfir, 2021). This fosters a productive work environment, reduces turnover, and enhances the company's ability to attract top talent. Beyond internal benefits, strong CSR performance can confer a competitive advantage by differentiating companies in the marketplace (Salam, & Jahed, 2023). It stimulates innovation, opens doors to new markets aligned with sustainability goals, and strengthens customer loyalty. Additionally, as investors increasingly prioritize CSR criteria in their investment decisions, companies with robust CSR programs are better positioned for long-term business success, demonstrating the multifaceted benefits of corporate social responsibility.

Criticisms and Challenges of Corporate Social Responsibility

Despite its recognized benefits, Corporate Social Responsibility (CSR) faces significant criticisms and challenges. Critics argue that CSR can sometimes be superficial, serving primarily as a public relations tool rather than a genuine commitment to social responsibility. One prominent issue is green washing, where companies exaggerate or mislead consumers about their environmental efforts, undermining trust and credibility in authentic CSR initiatives (Mu, & Lee, 2023). Another challenge lies in balancing profit motives with social and environmental responsibilities. Critics contend that focusing on shareholder value maximization may conflict with dedicating resources to CSR activities, although proponents argue these goals can be aligned for long-term sustainability (Mu, & Lee, 2023).

Measuring the impact of CSR initiatives poses another hurdle. Unlike financial metrics, social and environmental outcomes are often difficult to quantify accurately, hindering accountability and impeding efforts for continuous improvement. Moreover, CSR practices vary significantly across global contexts due to diverse cultural, economic, and regulatory landscapes (Khojastehpour, & Jamali, 2021). Multinational corporations must navigate these differences

to develop CSR strategies that respect local norms while upholding global standards, requiring a nuanced and adaptable approach (Khojastehpour, & Jamali, 2021).

Research indicates that board composition influences CSR disclosure, with boards comprising diverse members, including family or foreign directors, typically demonstrating higher levels of CSR disclosure, which can correlate with greater stock returns (Abdelfattah and Aboud, 2020). Factors such as company size, board commitment, profitability, and financial leverage also influence the extent of CSR disclosure and its integration into corporate strategies (Giannarakis, 2014). Moreover, studies suggest a positive link between corporate governance practices and corporate sustainability performance, which in turn enhances financial outcomes. This relationship underscores the potential for CSR to mediate between effective corporate governance and improved corporate performance, highlighting its strategic importance in contemporary business environments (Asma et al., 2019).

Corporate Social Responsibility and Corporate Governance

Corporate Social Responsibility (CSR) and Corporate Governance are foundational principles essential for ethical and sustainable business management (Ramdhony, Rashid, Gow, & Soobaroyen, 2022). CSR encompasses a company's responsibilities towards society and the environment, while Corporate Governance focuses on internal structures ensuring accountability, fairness, and transparency (Karsono, 2023). Understanding the interaction between these concepts is crucial for promoting sustainable business practices that meet both shareholder expectations and societal needs.

The discrepancies in literature regarding the relationship between CSR and Corporate Performance (CP) can be attributed to varying measurement methodologies and researchers' subjectivity and biases (Galant and Cadez, 2017). CSR metrics range from simple reputation indices to complex multi-dimensional assessments, whereas CP is typically evaluated using financial indicators such as Return on Assets (ROA), Return on Equity (ROE), and market-based metrics like Tobin's Q. Stakeholders' awareness of CSR initiatives can contribute to financial benefits (Rhou, Singal, and Koh, 2016), and studies like Baig et al. (2021) indicate a direct link between Corporate Governance (CG), CSR, and ROA. Singh and Misra (2021) suggest that the impact of CSR on organizational performance varies with reputation, showing different effects in developing countries like Eritrea, Pakistan, Turkey, and Bangladesh (Bahta et al., 2021; Szegedi et al., 2020; Akben-Selcuk, 2019). These countries increasingly disclose CSR activities to improve financial outcomes, such as in Pakistan's pharmaceutical industry (Malik and Kanwal, 2018). Moreover, effective CSR practices supported by robust governance frameworks can enhance corporate image and performance (Marić et al., 2021), illustrating a synergistic relationship between CSR and Corporate Governance.

Theoretical Review

Agency theory

The disclosures were seen as part of a monitoring platform to reduce information asymmetry and agency issues with the resulting cost. Notwithstanding the positive role of CSR in mitigating agency issues, it can also be misused by managers to strengthen themselves. In situations when the managerial discretion of managers is discovered by shareholders as acting in their own interests and if that has a negative impact on financial performance, CSR may reduce the likelihood of turnover. On the premise that managers can buy the support and protection of stakeholders through CSR, they are able to take root in the company (Pagano and

Volpin, 2005; Cespa and Cestone, 2007). This study proposal aspires to highlight this discussion context in the study of the relationship with CSR. The responsibility of the company is therefore perceived as that of the managers, who are in declared or private contractual relationship with several categories of actors: shareholders, creditors, but also employees, customers and consumers, suppliers, communities, NGOs, etc. It is therefore up to them to manage the various expectations in a balanced way. A private social contract serves as a framework for the dissemination of information and for the consultation of stakeholders. Actors representing stakeholders will then exercise a monitoring role in order to avoid false communications and to ensure that societal strategies are not a simple clearance of managers. In these practices, stakeholders influence the strategic decisions of leaders, and they must be held accountable to them for how they have taken their expectations into account (Bacq, & Aguilera, 2022).

Empirical Review

Malik and Kanwal (2018) investigated the impact of CSR disclosure on the financial performance of pharmaceutical firms, revealing that most firms disclose information related to community involvement. They found a positive relationship between CSR and financial performance, mediated by the brand equity of pharmaceutical companies. This underscores the significant influence of relational/social capital on financial stability, aligning with broader research by Coluccia et al. (2017) and Festa et al. (2021a, 2021b), which links reduced financial volatility with increased voluntary disclosure (VD).

Worokinasih and Zaini (2020) concluded that Good Corporate Governance (GCG) positively impacts Corporate Value, while GCG negatively affects CSR disclosure, which in turn does not significantly impact Corporate Value. Pekovic and Vogt (2021) observed that board size and gender diversity within corporate governance positively moderate the relationship between CSR and financial performance, whereas ownership concentration negatively affects this link. They also found that board independence does not moderate this relationship. Consequently, it is hypothesized that CSR significantly impacts Corporate Performance.

Sarwar, Al-Faryan, and Saleem (2022) explored the connections between Corporate Governance, CSR, and Corporate Performance in the Saudi Arabian capital market, focusing on domestic companies listed on the Saudi Arabian Exchange from 2010 to 2020. Their study used the Hausman Test, Durbin-WU-Hausman test, and TSLS to identify the best model, proposing that CSR partially mediates the relationship between corporate governance and performance. This research has implications for investors in Saudi Arabia, suggesting that CSR can enhance firm performance. Aryan (2021) analyzed the effects of Good Corporate Governance and CSR on the financial performance of sharia commercial banks in Indonesia from 2014 to 2019. Using SEM with Partial Least Square (PLS) for analysis, the study found that Good Corporate Governance positively and significantly affects financial performance, while CSR has a negative but insignificant impact. This research contributes to understanding the influence of CSR and corporate governance on financial performance, particularly in the context of sharia banking.

Pinatih and Purbawangsa (2021) aimed to empirically investigate the impact of corporate social responsibility (CSR) and good corporate governance (GCG) on firm value, and to assess whether financial performance moderates these relationships. They used a nonprobability sampling method, specifically purposive sampling, to select companies that participated in the 2019-2020 PROPER period and received gold to blue rankings. The sample included parent companies listed on the stock exchange that published annual reports in 2020, totaling 36

companies. Secondary data was utilized, and the analysis involved multiple linear regression and moderated regression analysis. The study's findings reveal that both CSR and GCG positively affect firm value. Additionally, financial performance moderates the relationship between CSR and firm value but does not moderate the relationship between GCG and firm value. These findings enrich the research model and support other empirical studies related to the influence of CSR and GCG on firm value, highlighting the role of financial performance as a moderator in the CSR-firm value relationship.

METHODOLOGY

Research design

The research design that was adopted for this study was a descriptive research design. This type of design involves an extensive well focused literature review and identification of the existing knowledge gap. The descriptive research design to be used is correlation to examine the relationship between two or more variables. Smith, & Johnson. (2021). refers to research design as a blue print through which research operations sail smoothly which makes the research as efficient as possible in terms of effort, time and money and at the same time reaping out maximum information possible.

Population

The target population in this study was focused on real estate firms in Nigeria which consist of seven (7) companies. This target group has been chosen, because this is a homogenous group having diverse preferences, yet are operating under similar conditions, which can be identified and which bear similar characteristics of corporate social responsibility and effective corporate governance. They are also more likely to have tried and experimented with all manner of corporate social responsibility and effective corporate governance strategies and would therefore be in a better position of giving valid results. Ten years of each company annual report will be used from 2014-2023.

Sample Size and Sampling Techniques

The sample size is 5 real estate firms in Nigeria. The study adopted a simple random sampling to select 5 real estate firms in Nigeria which are Chapel Hill Denham Nig. Infrass Debt Fund, Julius Berger Nig. Plc, UH Real Estate Investment Trust, UPDC Real Estate Investment Trust and Ronchess Global Resources Plc.

Model Specification

To establish the effects of corporate social responsibility and effective corporate governance on firm value of construction company/real estate firms in Nigeria, the study used the following regression model.

Financial performance = f(corporate social responsibility and effective corporate governance).....1

$$EPS = \beta_0 + \beta BS_{it} + \beta BD_{it} + \beta AC_{it} + \beta END_{it} + \beta SCDD_{it} + \epsilon_{i,t} \dots\dots\dots 2$$

Where:

EPS = Earnings per share

BS_{it} = Board size

BIN_{it} = Board Independence

AC_{it} = Audit committee

END_{it} = Environmental disclosures.

SCD_{it} = Social disclosures.

ϵ_{it} = the error term

RESULTS AND DISCUSSION

Descriptive Statistics

Table 4.2.1

	AC	BIN	BS	END	SCD	EPS
Mean	1	0.064353	9.15625	2509500	44697212	9.494583
Median	1	0	9	0	10000000	2.43
Maximum	1	0.416667	13	29141000	2.02E+08	458.4
Minimum	1	0	4	0	0	-268
Std. Dev.	0	0.115315	2.245933	7161602	57191751	90.29277
Skewness	NA	1.616849	-0.44116	2.725103	0.970944	1.927208
Kurtosis	NA	4.305791	2.670102	8.9782	2.606315	16.39907
Observations	50	50	50	50	50	50

Source: Author's Compilation, 2024

Table 4.2.1 provides a summary of the descriptive statistics for all dependent and independent variables. It displays the total number of observations, mean, median, standard deviation, minimum and maximum values for each variable, as well as the number of observations, mean, and median.

The descriptive statistics provided for the variable "AC" (Audit Committee) indicate that all the observed values are consistently equal to 1. This uniformity is reflected in the mean, median, maximum, and minimum values, all of which are 1. The standard deviation is 0, confirming that there is no variation in the data set. Skewness and kurtosis are not applicable (NA), which further emphasizes the lack of variability and distributional properties in the data. This suggests that for the construction/real estate firms being studied, the audit committee's impact on corporate social responsibility and effective corporate governance in relation to firm value is consistently rated or recorded as 1.

The mean value is 0.064353, indicating that, on average, board independence is relatively low. The median is 0, suggesting that more than half of the firms have a board independence value of 0. The maximum value observed is 0.416667, and the minimum is 0, showing the range of board independence scores. The standard deviation is 0.115315, indicating some variability in the data. The skewness of 1.616849 suggests a positively skewed distribution, meaning that there are a few firms with higher board independence values pulling the mean upwards. The kurtosis value of 4.305791 indicates a leptokurtic distribution, implying that the data have heavier tails than a normal distribution. This suggests that while most firms have low board independence, a few firms have significantly higher levels of independence, contributing to the observed skewness and kurtosis.

The mean board size is 9.15625, suggesting that on average, firms have slightly over nine board members. The median board size is 9, indicating that half of the firms have nine or fewer board members, and the other half have more. The board sizes range from a minimum of 4 to a maximum of 13. The standard deviation is 2.245933, showing a moderate variability in board sizes among the firms. The skewness value of -0.441155 indicates a slight negative skew,

meaning that there are slightly more firms with larger board sizes pulling the distribution to the left. The kurtosis value of 2.670102 suggests a distribution that is relatively normal but with slightly heavier tails than a normal distribution, indicating that extreme values (both high and low) are somewhat more common than in a normal distribution. Overall, board sizes tend to be around 9, with some variation and a few firms having either significantly larger or smaller boards.

The mean value is 2,509,500, suggesting a high average value due to some firms with extremely large disclosures. The median is 0, indicating that more than half of the firms do not engage in environmental disclosure at all. The range of values is extensive, with a minimum of 0 and a maximum of 29,141,000, highlighting that some firms disclose large amounts of environmental information while others disclose none. The standard deviation is 7,161,602, reflecting considerable variability in the data. The skewness of 2.725103 indicates a highly positively skewed distribution, meaning that a small number of firms with very high disclosure values are pulling the mean upwards. The kurtosis value of 8.9782 suggests a leptokurtic distribution, indicating that the data have heavy tails and there are more extreme values than would be expected in a normal distribution. This suggests that while environmental disclosure is not common across most firms, a few firms disclose significantly more environmental information, resulting in high mean and variance.

The mean social disclosure is 44,697,212, indicating that on average, firms disclose a substantial amount of social information. The median value is 10,000,000, which suggests that half of the firms disclose at least 10 million in social disclosure, while the other half disclose less. The values range from a minimum of 0 to a maximum of 202,000,000, highlighting a significant disparity in social disclosure amounts among firms. The standard deviation is 57,191,751, reflecting high variability in the data. The skewness of 0.970944 indicates a moderately positive skew, meaning that there are more firms with lower disclosure values, but a few firms with very high values pull the distribution to the right. The kurtosis value of 2.606315 suggests a distribution that is somewhat normal but with slightly heavier tails than a normal distribution, indicating the presence of outliers. Overall, social disclosure varies widely, with some firms providing extensive information while others provide little to none. The mean EPS is 9.494583, indicating that on average, firms earn approximately 9.49 per share. The median EPS is 2.43, suggesting that half of the firms have an EPS less than or equal to 2.43, and the other half have an EPS greater than 2.43. The range of EPS values is substantial, with a maximum of 458.4 and a minimum of -268, reflecting significant differences in earnings among firms. The standard deviation of 90.29277 demonstrates high variability in EPS values. The skewness of 1.927208 indicates a positively skewed distribution, meaning that a few firms with very high EPS values pull the distribution to the right. The kurtosis value of 16.39907 suggests a leptokurtic distribution, indicating the presence of extreme outliers in the data.

Regression Analysis on Determine how good corporate Governance and corporate social responsibility impact firm value of construction/real estate firms in Nigeria.

To determine how good corporate Governance and corporate social responsibility impact firm value of construction/real estate firms in Nigeria, the study's first objective, is covered in this subsection, which presents and evaluates the results in relation to that goal.

FIXED effect pooled (OLS) panel data econometrics approaches were utilized to estimate the regression in the firm's model

Table 4.2.5

Dependent Variable: EPS

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AC	-92.80411	427.9480	-0.216858	0.8295
BIN	475.7181	393.8058	1.208002	0.2345
BS	-7.370443	10.55692	-0.698162	0.4893
SCD	-1.08E-06	2.91E-07	-3.710575	0.0007
END	1.36E-06	2.48E-06	0.546700	0.5878
C	183.4537	411.9008	0.445383	0.6586

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.298486	Mean dependent var	9.494583
Adjusted R-squared	0.132338	S.D. dependent var	90.29277
S.E. of regression	84.10627	Akaike info criterion	11.88509
Sum squared resid	268806.9	Schwarz criterion	12.27492
Log likelihood	-275.2422	Hannan-Quinn criter.	12.03241
F-statistic	1.796504	Durbin-Watson stat	2.036720
Prob(F-statistic)	0.001062		

Source: Author's Compilation, 2024

The results obtained using fixed effect are presented in table 4.2.3, the estimated coefficient of -92.80411 indicates that Audit Committee has negative influence on the Earnings per share of construction/real estate firms in Nigeria. The implication of this is that higher Audit Committee leads to lower firm performance in terms of Earnings per share (EPS). The accompanying p value of 0.8295, however, indicates that at the 5% level, the negative effect of the Audit Committee on the Earnings per share of construction/real estate firms in Nigeria ($0.8295 > 0.05$) is not statistically significant.

The estimated coefficient of 475.7181 indicates that Board independence has positive influence on the Earnings per share of construction/real estate firms in Nigeria. The implication of this is that higher Board independence leads to lower firm performance in terms of Earnings per share (EPS). The accompanying p value of 0.2345, however, indicates that at the 5% level, the positive effect of the Board independence on the Earnings per share of construction/real estate firms in Nigeria ($0.2345 > 0.05$) is not statistically significant.

The estimated coefficient of -7.370443 indicates that Board Size has negative influence on the Earnings per share of construction/real estate firms in Nigeria. The implication of this is that higher Board Size leads to lower firm performance in terms of Earnings per share (EPS). The accompanying p value of 0.4893, however, indicates that at the 5% level, the negative effect of the Board Size on the Earnings per share of construction/real estate firms in Nigeria ($0.4893 > 0.05$) is not statistically significant.

The estimated coefficient of -1.08E-06 indicates that Social disclosures has negative influence on the Earnings per share of construction/real estate firms in Nigeria. The implication of this

is that higher Social disclosures practice leads to lower firm performance in terms of Earnings per share (EPS). The accompanying p value of 0.0007, however, indicates that at the 5% level, the negative effect of the Social disclosures on the Earnings per share of construction/real estate firms in Nigeria ($0.0007 > 0.05$) is not statistically significant.

The estimated coefficient of $1.36E-06$ indicates that Environmental disclosures has positive influence on the Earnings per share of construction/real estate firms in Nigeria. The implication of this is that higher Environmental disclosures leads to higher firm performance in terms of Earnings per share (EPS). The accompanying p value of 0.5878, however, indicates that at the 5% level, the positive effect of the Environmental disclosures on the Earnings per share of construction/real estate firms in Nigeria ($0.5878 > 0.05$) is not statistically significant.

Sarwar, Al-Faryan, & Saleem, (2022) which found out how Corporate Governance, Corporate Social Responsibility, and Corporate Performance are linked in Saudi Arabian capital market. However, the work of Pinatih & Purbawangsa (2021) indicated that corporate social responsibility and good corporate governance have a positive effect on firm value, financial performance is able to moderate the effect of corporate social responsibility on firm value, but financial performance is not able to moderate the effect of good corporate governance on firm value.

Additionally, the test's coefficient of determination (R^2) result of 0.298486 showed that the proxies of an effective corporate Governance and corporate social responsibility explained 29.9% of the firm value of construction/real estate firms in Nigeria. The Durbin-Watson statistics calculated for the test of 2.036720 showed that the model's variables had no significant autocorrelation in the model's residuals.

Hypothesis Testing

The hypothesis of this study stated in null form is that Good corporate governance and corporate social responsibility do not have a significant combined impact on the firm value of construction/real estate firms in Nigeria. The results obtained from panel regression relating to this hypothesis are summarized in Table 4.2.5. According to the results, the null hypothesis that Good corporate governance and corporate social responsibility do not have a significant combined impact on the firm value of construction/real estate firms in Nigeria is rejected at 5 per cent level.

Table 4.3: Summary of Results Relating to Hypothesis
Hypothesis Statement

Hypothesis Statement	Proxy	Results	Remarks
Good corporate governance and corporate social responsibility do not have a significant combined impact on the firm value of construction/real estate firms in Nigeria	EPS	F-statistic = 1.796504; p = 0.001062	H_0 is rejected at 5%

Source: Author's Compilation, 2024

DISCUSSION OF THE FINDINGS

The combined impact of good corporate governance and CSR on firm value, as presented in Table 4.2.3, reveals mixed results. The estimated coefficient of -92.80411 indicates that the audit committee negatively influences earnings per share (EPS), while the coefficient of 475.7181 suggests a positive influence of board independence on EPS. The coefficients of -7.370443 for board size and -1.08E-06 for social disclosures indicate negative influences, whereas the coefficient of 1.36E-06 for environmental disclosures suggests a positive influence on EPS. However, none of these effects are statistically significant at the 5% level, with p-values of 0.8295, 0.2345, 0.4893, 0.0007, and 0.5878 respectively. These mixed and statistically insignificant results imply that while there are indications of relationships between governance, CSR, and firm value, they are not robust enough to draw definitive conclusions. Nevertheless, the findings align with previous research that highlights the complex interplay between governance, CSR, and firm performance. Effective corporate governance and CSR can enhance firm value through improved reputation, stakeholder relationships, and risk management, but their impact may vary depending on contextual factors and implementation practices. The coefficient of determination (R^2) of 0.298486 indicates that the combined proxies of corporate governance and CSR explain 29.9% of the firm value, suggesting that other factors also play significant roles in determining firm performance. This is in line with Sarwar, Al-Faryan, and Saleem's (2022) findings on the interconnectedness of corporate governance, CSR, and firm performance. However, the work of Pinatih & Purbawangsa (2021) indicated that corporate social responsibility and good corporate governance have a positive effect on firm value, financial performance is able to moderate the effect of corporate social responsibility on firm value, but financial performance is not able to moderate the effect of good corporate governance on firm value.

SUMMARY OF THE FINDINGS

The analysis of the impact of corporate governance and corporate social responsibility (CSR) on firm value, measured through earnings per share (EPS), presents a nuanced picture. The estimated coefficients reveal mixed results: the audit committee shows a negative influence on EPS, while board independence indicates a positive influence. However, these effects are not statistically significant. Similarly, board size and social disclosures exhibit negative impacts, whereas environmental disclosures have a positive effect, with only the latter being statistically significant. These mixed and largely insignificant results suggest that while there are indications of relationships between governance, CSR, and firm value, they are not strong enough to draw definitive conclusions. This complexity aligns with previous research, highlighting the intricate interplay between governance practices, CSR initiatives, and firm performance. Effective corporate governance and CSR potentially enhance firm value through improved reputation, stakeholder relations, and risk management, but their impact can vary depending on contextual factors and how these practices are implemented.

Moreover, the coefficient of determination (R^2) of 0.298486 indicates that the combined proxies of corporate governance and CSR explain approximately 29.9% of the variation in firm value. This finding suggests that other factors significantly influence firm performance, resonating with Sarwar, Al-Faryan, and Saleem's (2022) conclusions on the interconnectedness of corporate governance, CSR, and firm performance. Additionally, Pinatih and Purbawangsa (2021) found that while CSR and good corporate governance positively affect firm value, financial performance moderates the impact of CSR on firm value but does not moderate the effect of good corporate governance.

Hypothesis testing further supports these findings. The null hypothesis that good corporate governance and CSR do not have a significant combined impact on the firm value of construction/real estate firms in Nigeria was tested. The panel regression results, with an F-statistic of 1.796504 and a p-value of 0.001062, led to the rejection of the null hypothesis at the 5% significance level. This indicates a significant combined impact of good corporate governance and CSR on firm value, underscoring the importance of these factors in the performance of construction and real estate firms in Nigeria.

Conclusion

The impact of corporate governance and corporate social responsibility (CSR) on the firm value of construction and real estate companies in Nigeria reveals a complex and multifaceted relationship. The analysis, using earnings per share (EPS) as the measure of firm value, presents mixed results. The negative influence of the audit committee and board size contrasts with the positive influence of board independence and environmental disclosures, though most of these effects are not statistically significant. This suggests that while there are indications of relationships between governance, CSR, and firm value, they are not robust enough to draw definitive conclusions. The complexity of these relationships aligns with previous research, emphasizing the intricate interplay between corporate governance practices, CSR initiatives, and firm performance. Effective corporate governance and CSR can potentially enhance firm value through improved reputation, stakeholder relations, and risk management, but their impact varies depending on contextual factors and implementation practices.

The coefficient of determination (R^2) of 0.298486 indicates that the combined proxies of corporate governance and CSR explain approximately 29.9% of the variation in firm value. This implies that other factors significantly influence firm performance, which resonates with the findings of Sarwar, Al-Faryan, and Saleem (2022) on the interconnectedness of corporate governance, CSR, and firm performance. Additionally, the findings align with Pinatih and Purbawangsa (2021), who identified that while CSR and good corporate governance positively affect firm value, financial performance moderates the impact of CSR on firm value but does not moderate the effect of good corporate governance.

Hypothesis testing further corroborates these findings. The null hypothesis—that good corporate governance and CSR do not have a significant combined impact on the firm value of construction and real estate firms in Nigeria—was rejected based on the panel regression results. The significant combined impact, as evidenced by an F-statistic of 1.796504 and a p-value of 0.001062, underscores the importance of these factors in determining firm performance. Therefore, it can be concluded that good corporate governance and CSR play crucial roles in enhancing the firm value of construction and real estate companies in Nigeria, although the exact nature and strength of their impact can vary depending on various contextual and implementation factors.

Recommendations

To enhance the firm value of construction and real estate companies in Nigeria through effective corporate governance and corporate social responsibility (CSR), several practical steps are recommended. Companies should prioritize appointing more independent directors to their boards and reducing board sizes to improve efficiency and decision-making. Strengthening environmental disclosures by increasing transparency and implementing comprehensive sustainability reporting frameworks is crucial. Enhancing the functioning of audit committees through regular training and clear mandates will ensure better oversight.

Integrating CSR initiatives into the core business strategy and aligning them with the company's goals will maximize their impact. Comprehensive stakeholder engagement, including regular feedback mechanisms, will ensure that company practices align with stakeholder needs and expectations. Regular reviews and adaptations of governance and CSR practices are necessary to stay relevant in a dynamic business environment. Lastly, investing in research and benchmarking against industry best practices will provide valuable insights for continuous improvement. Implementing these steps will help Nigerian construction and real estate companies leverage corporate governance and CSR to boost their firm value, leading to sustainable growth and long-term success.

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