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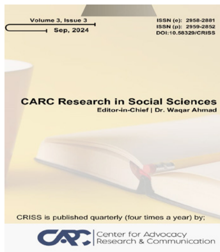

How Corporate Governance Practices Influence the CSR in the Non-financial Sector of Pakistan: An Empirical Study of Pakistan Stock Exchange

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ABSTRACT

In the course of this research the variables such as Women Directors, Board Size, Board Independences, Ownership structure and Audit committee are taken into consideration and how these factors influence Corporate Social Responsibility (CSR) disclosures. The analysis is based on data taken from the Pakistan Stock Exchange (PSX) for the period 2010-17. The analysis technique such as Fixed Effect Regression model is used which is based on Hausman diagnostic test results. Where the result reflects a positive significant effect of AUDIT, BIND and WDIR on CSR disclosure, however the relationship between BS and OWN on CSR disclosure has not been established. Control Variables such as Profitability (PRFT), Firm Size (FS) and Leverage (LEV) are investigated in this study. Using fixed effect model correlation matrix, regression analysis and descriptive statistics are examined. Considering the non-financial sectors of Pakistan, the study determines that AUDIT, BIND and WDIR plays pivotal role while promoting CSR related activities. Furthermore, the insights gained from the present study explored the importance of Corporate Governance (CG) strategies to promote CSR, the outcome of the study can be a helping hand for the policy makers and corporate decision makers while devising effective governance strategies. The control variables such as FS, PRFT and LEV provide depth of understanding regarding the factors influencing CSR disclosure. In a broad sense, the current research enhances the scholarly discourse on CSR disclosure. The findings of the study give a roadmap for future research studies to fill the identified gaps and further improve CSR disclosure practices in non-financial sector of Pakistan.

INTRODUCTION

Since the onset of the twenty-first century the CSR has gained recognition and momentum as emphasized by Ofori & Hinson (2007) and Gill (2008). CSR is beyond the boundaries of profit maximization and make organizations accountable to the stakeholders and the society where it operates, it encourages the businesses to act ethically and in a balanced manner, the integration of CSR into business operations is significant to encourage sustainable practices. CSR mentions specific guarantees that are entrenched within a company's vision, mission, values, and organizational structure to efficiently address the problems of social responsibility (Shahin & Zairi, 2007). Considering these objectives CG is one of the most concerning factors which reflects its key role in corporate behavior. Ignoring CG, integration of CSR into an organization's governance structure is challenging (Spitzeck, 2009).

In this context, CG and CSR are considered as two facets of the same matter, where both the factors ensuring transparency and stakeholder engagement and responsibility (Jamali et al., 2008). According to various studies in the past a positive relationship between CG and CSR disclosure has been established (Cormier & Magnan, 2014; Jo & Harjoto, 2012; Kolk & Pinske, 2010; Li & Zhang, 2010; Stuebs & Sun, 2015). For the sake of transparency, accountability, responsibility and fairness, CSR practices report is shared with the stakeholders in order to meet the increasing demand of the stakeholders (Kolk & Pinske, 2010; Ofori & Hinson, 2007; Qu & Leung, 2006 ; Ruangviset et al., 2014).

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The quality of CG is critical to strengthening investor confidence, improving wealth creation, and reducing the cost of capital (Peters et al., 2011). Scholars have promoted integrating CSR into governance systems to strengthen corporate accountability (Bird, 2001; Jamali et al., 2008; Manville & Ober, 2003). While CSR initiatives are often voluntary, policy makers agree that a framework is required to encourage innovation (Williamson & Lynch-Wood, 2008). The social legitimacy and reputation that companies aim to achieve mostly depends on how they respond to societal pressures (Vurro & Perrini, 2011). Yousaf Kamal (2016) claims that companies should align their CG practices with CSR strategies establish a framework for integrated social performance to promote transparency, fairness, responsibility and accountability.

Several empirical studies have endorses the importance of CG analysis in CSR commitments. For instance, MacDonald (2007) & Gulbrandsen & Moe (2007) argue that a CSR organization needs to address governance challenges, including accounting and governance, in order to better meet stakeholder expectations. Rights et al., (2016) argue that CSR helps reduce conflicts of interest between managers and shareholders, playing an important role in enhancing CSR efforts in presence of strong CG structure. White (2006) proposed that regional stakeholder collaboration be used to address conflicts between businesses and organizations. Therefore, evaluating the governance behavior associated with CSR is essential to comprehending the company's responsibility to its stakeholders (MacDonald, 2007; Gulbrandsen & Moe, 2007; Jo et al., 2016; White, 2006). According to studies by Lane & Devin (2018), PwC (2011) & Chowdhury (2012), stakeholder engagement is an integral part of CSR activities. Companies with formalized engagement processes are better positioned to meet stakeholder expectations. Without formal mechanisms to promote sustainability practices, managers may misinterpret a company's practices, resulting in indefinable costs.

Companies operating in developing countries face tremendous pressure to improve social and environmental practices. This determination highlights the need to improve CG practices, emphasizing accountability and transparency (Islam & Deegan, 2008). The disclosure of inaccurate information can result in loss of customer, subsequently affecting local economies and brand image (Byron, 2005). In order to mitigate the risk, the multinational firms require information on CG practices and environmental performance (Islam & Deegan, 2008). The disclosure of CSR activities made by the companies such as the activities for the better of environment and other social activities and it can also help the businesses regarding their future strategies (Garcia-Sanchez et al., 2014). Nevertheless, the relation between CG and CSR is complex in nature keeping in view the developing nations, however if the businesses adopt strong CG practices can result in improved CSR performance (Gómez-Miranda et al., 2020).

While considering the variables such as CG and CSR, comparative study of the practices of international firms and that of Pakistani firms listed on Pakistan Stock Exchange (PSX) is carried out by Kamran, Luqman, & Arfeen (2019). The finding of their study reflects that majority of the Pakistani firms' focus is on charitable work while ignoring the environmental concerns, furthermore according to their study Pakistani firms also lacking in terms of reporting, transparency and independence. The result of the research study presents a pathway to the decision makers and organizations by providing awareness on the best international practices for an organization sustainability and local development (regional development).

To sum up, CG and CSR are indispensable factors of modern business world, where the dynamics of it foster the necessary elements of a business such as corporate ethics, transparency and accountability. Especially in the developing nations context commitment to CG best practices can result in improved CSR performance which makes the businesses to better participate in the economic wellbeing and social welfare. The current study lay the ground for future research studies on CG and CSR while considering cultural and economic contexts, also devising best practices policies through research to promote corporate ethics globally.

LITERATURE REVIEW

Theoretical Framework

It is always challenging to identify an appropriate explanation while defining a phenomenon. That is why the investigation of environmental disclosure is often explored through multi-theoretical framework (Islam &Deegan, 2007). Considering CSR two theories are taken into consideration one is Legitimacy Theory (LT) and the other one is social and political cost theory. The LT focus is on why it is important to report CSR (Murthy & Abeysekera, 2008). The TL talks about systematic approach, where the businesses are part of the community where they operate, and their stakeholders are having expectations from the business. Such expectations are met through various activities by the businesses such as community engagement and various other social activities and the same is reflected in their annual reports (Deegan, Rankin, & Tobin, 2002). Another explanation for CSR disclosure is the social and political cost theory. The theory posits that a variety of factors, such as public scrutiny and political pressure, increase the political costs associated with certain business decisions, including the choice of accounting methods (Watts & Zimmerman, 1978).

Larger corporations are more visible and therefore more politically responsive. Senior level management of such organizations report CSR issues in their annual reports as part of a policy to administer or alleviated political costs. Thus, more socially responsible corporations are likely to choose accounting methods that align with their CSR policies, even if it reduces reported profits, in order to decrease political costs. According to McManus (2008), the innovative businesses are prioritizing CSR as it is one of their major center of attention. Idowu (2011) suggests that CSR will be with us for the foreseeable future and even beyond. Nielsen and Thomsen (2007) and Podnar and Golob (2007) point out that the businesses capitalize on CSR reporting and use it as a tool for marketing and communication strategy, focusing on being regarded as legitimate and credible by stakeholder. Sutantoputra (2009) suggests that CSR reporting plays a pivotal role while reporting the issues pertaining to human rights, society, product responsibility, labor management last but not the least the environment and the same time addressing concerns of the key stakeholders. Bhimani and Soonawalla (2005) argue that CSR conformance and company performance are strongly linked and that this will provide the opportunity to take on an integrative and comprehensive approach with respect to disclosure issues as part of business corporate responsibility.

Farooq et al. (2015) in his study found that businesses with vigorous CG framework tend to have CSR initiatives as there exist a positive relationship between CSR and CG. On the other hand, Gyves and O'Higgins (2008) propose that voluntary CSR activities provide win-win situation to both the business and the stakeholders overall. Gill (2008) in his research outlined that new guidelines of CSR reporting are formulated from time to time by public groups which help which assist the businesses to attain long-term goals concerning social welfare and business needs. Robins (2008) suggests that companies should evaluate CSR activities, as they cost resources, managerial time, and efforts. Hence, the later discussion fosters hypotheses relating to CG facets and CSR disclosure. Robins (2008) argues that CSR is a moral and ethical drive aimed at promoting higher ethical standards. CSR is a business challenge through which the businesses develop their strategies and reputation, develop distinctive means and capabilities, and re-configure reasonable positions (Galbreath, 2006; Papasolomou-Doukakis et al., 2005; Arendt and Brettel, 2010; Husted and Allen, 2007).

CSR is also expected to become a foundation of upcoming organizational activities (Castka and Balzarova, 2007), and upright CSR practices are often established on good principles of CG (Welford, 2007). A more detailed disclosures are reported by the organizations indulged in socially responsible behavior (Coombs and Holladay, 2013; Gelb and Strawser, 2001), to be perceived credible and legitimate in the perception of various stake holders businesses utilize CSR reporting as a marketing and communication strategy (Nielsen and Thomsen, 2007; Podnar and Golob, 2007). Stakeholders want companies to keep them informed about their operations in areas such as human resource management, environmental protection, social wellbeing, and product responsibility, and the businesses are compelled to document social effect through CSR (Sutantoputra, 2009). CSR conformity and corporate performance are inextricably connected, allowing for a more complete and integrated approach to CSR reporting (Bhimani and Soonawalla, 2005).

Firms with good CG procedures are more likely to participate in CSR activities, showing that there is a positive association between CG and CSR scores (Farooq et al., 2015). Voluntary CSR activities provide companies and their social beneficiaries with long-term mutual advantages (Gyves and O'Higgins, 2008). Public bodies working within CSR domain should provide novel standards for firms regarding publishing the social information in order to accomplish sustained social welfare objectives whereas meeting market business demands (Gill, 2008). Companies should analyze CSR initiatives to ensure that resources and managerial time are used efficiently (Robins, 2008). The following discussion will generate theories on the relationships between CSR disclosure and CG.

In a study by Zafar (2021), he examined how corporate performance is affected by corporate structure strategies. Where the board size has a positive association with increased entrepreneurship, the presence of female directors and independence. According to another study by Hussain et al., (2021) ownership structure and corporate governance were taken into consideration. The results reflect that domestic ownership usually favors governance, while there is a negative impact of shared ownership. Rizwan et al. (2021) in their study found that CSR show positive impact on a company's market productivity along with financial performance, on the other hand study by Malik et al. (2021) found that CSR practices by Pakistani firms lead to job involvement and job satisfaction. Mahmood et al. (2022), in their study they found that companies with robust CG mechanism tend to have successful CSR performance and better social and financial risk management strategies. Better financial results are reflected by the companies with effective CSR activities Ahmed et al. (2022).

Furthermore, Rashid et al. (2021) emphasized the importance of governance in promoting CSR, discovering organizations with well-established governance frameworks are in a better position to handle their social and environmental obligations. Current research has also examined the function of stakeholders in advancing CSR in Pakistan, suggesting an increasing awareness of the necessity of joint endeavors to augment corporate responsibility inside the nation.

Increase in CSR reporting/disclosures

In the recent past there have been numerous studies on the factors pertaining to CSR disclosure. For instance, according to Lai et al. (2021), the factors that substantially impact degree of CSR disclosure are profitability, firm size and internationalization. In addition, board independence and ownership structure also have a positive impact on CSR disclosure. A research study by Wang et al. (2021) explored the CSR disclosure and stakeholder acknowledgement for such good business practices. Positive correlation between CSR disclosure and organizational commitment is found in a research study by Li and Li (2021). While Wang et al. (2021) in his study observed increased customer loyalty with respect to CSR disclosure.

In developing country like Pakistan the Security and Exchange Commission of Pakistan (SECP) is playing its vital role by introducing policies that encourage the corporate sectors to promote socially and environmentally responsible culture. Since a decade or so the senior management of the businesses are urged to have CSR policies and implement CSR policies in light of the CSR guidelines issued by the SECP in the year 2013. Empirical evidence indicates that robust governmental policies and impartial oversight promote ethical behavior (Campbell, 2007). For instance, the introduction of the Silver Book by the Malaysian government resulted in a rise in CSR disclosures by government-owned businesses (Esa and Ghazali, 2012; Haji, 2013). Therefore, in comparison to prior years, it is anticipated that Pakistani companies will engage in and disclose CSR more frequently thanks to the SECP's CSR requirements.

H_1: Level of CSR disclosure has increased due to issuance of SECP guidelines for corporations

Board Size

In their research study of Muttakin, Khan & Subramaniam (2021) discovered a strong positive correlation between board size and CSR success. They contend that more diversified viewpoints and areas of expertise are provided by larger boards, which improve decision-making for CSR activities. Almazari & Ntim (2021) undertook research in

Saudi Arabia including 94 enterprises to investigate the relationship between board size and CSR disclosure. Their findings suggested that larger boards could potentially offer superior monitoring of CSR initiatives. On the other hand, Ciftci, Uyar, and Pekdemir (2021) examined Turkish businesses and discovered no connection between board size and CSR effectiveness. They put this down to institutional and cultural issues, arguing that ownership structure and CEO influence may be more important. Overall, a number of studies show that there is a positive correlation between CSR and board size; however, these dynamics are highly influenced by context-specific factors, highlighting the significance of board composition in promoting ethical business practices.

H_2: The size of the board has a positive effect on the scope of CSR disclosure

Board Independence

Independent directors are non-employee board members who do not receive compensation/remuneration or holding management positions. Their major role is to focus on out of the box perspectives which account for best interest of the organization and its stakeholders. Research supports their positive impact on CSR. In a study by Cheng, Huang & Song (2020) examined the data of 1,089 companies of Asia from 2008-17 and found that independent board have a positive impact on CSR performance. This claim is further supported by research from Zhan et al. (2021) where data from 3,133 of Public Republic of China listed companies is examined and concluded that board independence and board size positively impact the CSR performance of companies. Furthermore, based on the study findings from Abdul Rahman, Yufsuf & Yusuf, (2021) there exist a positive relationship between board independence and CSR in Malaysian firms. The above-mentioned study reveals that the existence of independence boards in firms results in improved CSR performance.

H_3: Independent directors have positive effects on the scope of CSR disclosure

CSR activities are flourished in organizations where women representation in higher position are not ignored in firms, companies with women representation in boards are engaged in socially pro-active practices. The argument is supported from the research study by Terjesen, Couto & Francisco (2016) where 2,140 companies from 41 countries were taken into consideration and found a positive impact of female directors on CSR performance. Likewise, survey of 2,109 firms from 23 countries confirms that gender diversity has positive impact, CSR information is reflected in annual reports which indicates CSR commitment (Adam & Ferreira, 2009). Konrad, Kramer & Erkut (2008) in their research study established a positive impact between gender diversity and CSR performance. In summary, the studies mentioned above suggest that female representation at higher levels improve firm's CSR performance.

H_4: There is a positive effect of women directors on the scope of CSR disclosure

Audit Committee

Relationship between CSR and Audit Committee has been considered in various studies previously. According to Fadzil et al, (2019) that CSR activities in businesses are effectively handled in businesses having audit committee and the same are reported to stakeholders. As the audit committees act like a monitoring body the organization get valuable input in terms of identification and prevention of unethical business practices, which increase the stakeholder's confidence in business. It also helps in mitigating the social and environmental risks associated with business practices says Hossain et al., (2017). Integration of CSR in business activities and assigning appropriate organizational resources ensures the businesses obligation towards CSR. According to KPMG (2017) the higher management corporate behavior pertaining to CSR is reflected in audit committee reports which indicate a shift in corporate behavior of senior management.

According to Deegan et al. (2002) the stakeholders' social and environmental concerns can be met through presence of audit committee and dissemination of information to the public through annual reports. Furthermore, a research study by Wang et al. (2018) & Xu et al. (2019) suggest that presence of audit committee pushed by independent board and financial experts can yield better financial results as well as CSR disclosure reporting. Likewise, Jaggi et al. (2019) & Sun et al. (2018) studied various business organizations in China and India and found that independent boards resulted in better CSR performance and disclosure. In essence, it is concluded that audit committee play pivotal role while integration CSR in business activities and devising corporate strategies, furthermore it creates an environment of sustainable accountability of the business to its stakeholders.

H_5: There is a positive effect of Audit committee on the scope of CSR disclosure.

Ownership Concentration

The relationship between ownership concentration and CSR has established considerable academic attention. Various studies show a negative correlation, showing that firms with more equity holdings highlight short-term financial gains over long-term environmental and social goals. For instance, Becht et al. (2002) originate that in countries with weak legal structures, concentrated owners are likely to highlight their financial interests over higher CSR concerns. Similarly, for countries with more complex legal systems, no significant association was establish. On the other hand, some research suggests a positive relationship between sustainable ownership and CSR. Aggarwal & Goodell (2014) explore that the U.S.A. in which concentrated owners can leverage their effect to promote practices that promote CSR. Tost et al. (2020) argued that concentrated ownership can have mixed effects: if owners are aligned with environmental goals and embrace a long-term perspective, CSR can be successful; however, short-term reforms may reduce CSR efforts.

In South Korea, Park & Lee (2021) showed that concentrated ownership has a negative impact on CSR due to the short-term priorities of controlling shareowners. Gao & Bansal (2020) notice similar trends in China, where state-owned enterprises show lower levels of CSR compared to private corporations. According to the study by Liu et al. (2021) family ownership plays a negative role between the relationship of concentrated ownership and CSR. In another study Cheng & Yu (2020) found that joint venture with firm having family ownership often lead to lower CSR.

H_6: There is a significant effect of ownership concentration on the scope of CSR disclosure.

Control Variables

Current study considered profitability, firm size and leverage as control variables and assessed their impact on CSR disclosure. Previous research by scholars reflects positive relationship between these variables and CSR disclosure for instance research study by Ghazzali (2007), Haniffa & Cook (2005), Ho & Taylor (2007), Said el al. (2007) and Husted and Allen (2007). Moreover, a study by Vurro & Perrini (2011) establishes the fact that corporations these days are under stringent vigilance of media and environmentalists. Profitability is also positively associated with CSR disclosure, as more for-profit firms tend to disclose their CSR efforts (Haniffa & Cooke, 2005; Roberts, 1992). High-profile companies often provide CSR information to reassure creditors (Ferguson et al., 2002). However, Farooq et al. (2015) find no significant association between leverage and CSR reporting.

RESEARCH METHODOLOGY

The study aims to provide an extensive evaluation of CSR disclosure practices in Pakistan by including all firms listed in the PSX as the research population. The sample consists of 65(Table 1) sustainability reporting firms from 11 sectors, resulting in a total of 560 firm-year observations. The study collected data from multiple sources and focused on firms that produced sustainability reports on CSR in succession for no less than three years, were enlisted with the PSX since at least 2010, and had a total market capitalization of at least Rs. 300m. The study's timeframe spans eight years from 2010 to 2017, when sustainability reporting began in Pakistan. By including every firm listed on the PSX, the study delivers meaningful perspectives for policymakers, investors, and other stakeholders keen on CSR and sustainable business practices.

Table I

Sample distribution by sector

No.	Sectors of PXS	No. of firm-produced sustainability reports
1	Automobile	6
2	Cement	7
3	Chemical	6
4	Textile	10
5	Fertilizer	5
6	Insurance	4
7	Oil and gas	5
8	Pharmaceutical	6
9	Power generation and distribution	5
10	Refinery	5
11	Technology and communication	6
	Total 65	

Content analysis method is being used in the current study to analyze the scale of CSR disclosure in sustainability and annual publications of businesses. They employed an index that comprises seven broad CSR activities (input into the health sector, natural calamity, human resource well-being, academics, goods and services, environmental concerns, along with other contributions), which were then subdivided for content analysis. The goal was to look at the amount of CSR disclosure rather than the value or applicability of a specific item or activity. Each aspect was given equal weight, and if a corporation documented a specific element in its sustainability report, it was given one point; alternatively, it was given zero points. The amount of CSR disclosure was calculated using the total number of items disclosed. The study focused on measuring CSR disclosure, not evaluating the importance or effectiveness of CSR activities.

Table 2

Variables of the Study

Variables	Definition
Dependent Variable CSR (Corporate social responsibility)	Total number of items disclosed (07 broader activities; further divided into sub activities for measurement of CSR score on the basis of content analysis 0 & 1.)
Independent Variables BSIZE (Board Size) BIND (Board Independence) WDIR (Women Director) AUDIT(Audit Committee) OWN (Ownership)	Total number of directors on corporate board Total number of independent directors in corporate board Total number of women directors on corporate board Size of audit committee (Members) Summing the squares of the highest five shareholding in a company
Control Variables Firm Size (FS) Leverage (LEV) Profitability (PFT)	Taking natural log (ln) of total assets Ratio of the total debts (book value) to total assets during the year The ratio of operating profit to total assets

$$CSR\ DIS_{it} = \alpha_{i+}\ \beta_1 BS + \beta_2 DIND + \beta_3 WDIR + \beta_4\ AUDIT + \beta_5 OWN + \beta_5 LEV + \beta_6 FS + \beta_7 PRFT + \varepsilon i$$

Table 3
Diagnostic Test

Test	Test value	Remarks
Chow Test	.000	Fixed Effect
Breush Pagan Test	.000	Random Effect
Hausamn Test	.000	Fixed Effect
Heteroskedasticity	.198	Heteroskedasticity

Chow Test

The diagnostic test described as the test which can be used to select the final model of analysis and interpretation. The chow test is a type of test which can be used to select between pooled OLS model and fixed effect model.

H_0: OLS model

H_1: Fixed Effect

It has been argued that the final decision should be based on the final outcome of the test. The literature suggests that the OLS model will be involved when the final output value is insignificant and vice versa. The p-value of the test in the table indicates that the outcome of the chow test was found to be significant and indicated that a fixed effect model would be used in the data exploration.

Breush Pagan

Bruesh Pagan test is a diagnostic test which can be used to select the final model of investigation and explanation. The brush pagan test is a kind of test which can be used to choose between random effect model and OLS model.

H_0: OLS

H_1: Random Effect

It has been argued that the final conclusion should be based on the final result of the test. The literature mentions that random effect will be included when the final output is significant and vice versa. The p-value of the test in the table shows that the output of brush pagan test has been found significant and established that the random effect will be used for the data study.

Hausman Test

Hausman test is a diagnostic test which can be used to select the final model of investigation and explanation. This test is a type of test which can be used to select between random effect model and fixed effect model.

H_0: Random effect

H_1: Fixed Effect

It has been argued that the final decision should be based on the final outcome of the test. The literature endorses that random effect will be included when the final output is insignificant and vice versa. The p-value of the test in the table shows that the output of brush pagan test has been found significant and determined that the fixed effect model will be used for the data analysis.

Heteroskedasticity

White test for heteroscedasticity is a diagnostic test which can be used to estimate that the data is heteroskedastic or homoscedastic. This test is a type of test which can be used to know heteroskedastic (non- constant variance) or homoscedastic (constant variance).

H_0: Homoscedastic

H_1: Heteroskedastic

The p-value of the test in the table shows that the output of test has been found insignificant and concluded that the data is homoscedastic. It has been argued that the robust command cannot be used while including the final model.

Table 4
Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
BS	6	12	9	.89811
BIND	2.39	6.71	4.55	.081983
WDIR	1.891	3.681	2.286	.1876
AUDIT	3.991	5.491	4.741	.12091
OWN	.310	.7712	0.5406	.07811
LEV	.119	.671	0.395	.1871
FS	.229	.509	0.369	.1609
PRFT	.198	.771	0.4845	.15871

Table 5
Correlation Matrix

	BS	BIND	WDIR	AUDIT	OWN	LEV	FS	PROFT
BS	1.0000							
BIND	0.4748	1.0000						
WDIR	0.0131	0.0190	1.0000					
AUDIT	0.2344	0.0859	0.6536	1.0000				
OWN	0.0753	0.0887	0.1931	0.1191	1.0000			
LEV	0.0098	0.0062	0.1979	0.1994	0.0428	1.0000		
FS	0.0493	0.0601	0.0530	0.0153	0.0420	0.1023	1.0000	
PRFT	0.0449	0.0602	0.0449	0.0039	0.2686	0.1115	0.0291	1.0000

Table 6
Model: Fixed-effects
Dependent variable: CSR Disclosure

	Coefficient	Std. Error	t-ratio	p-value	
Const	-0.70554	0.311813	-2.2627	.000	***
BS	0.284895	0.145609	1.956575	.098	
BIND	0.73614	0.149059	4.93858	.000	***
WDIR	0.531314	0.079197	6.708764	.000	***
AUDIT	-0.224637	0.032195	-6.97739	.000	***
OWN	0.586271	0.165411	3.544329	.094	
LEV	0.321414	0.110358	2.912467	.000	***
FS	-0.283418	0.191921	-1.47674	.612	
PRFT	0.159921	0.032312	4.949276	.000	***

R-squared	0.758934	Adjusted R-squared	-0.752815
F (7, 50)	415.4473	P-value(F)	0.000000
Rho	-0.106578	Durbin-Watson	2.184508

The dependent variable is "CSR disclosure," which is likely a measure of how much a company publicly discloses about its CSR practices. There are five independent variables BS, BIND,WDIR, AUDIT and OWN which refer to the level of ownership by insiders or institutional investors, The statement indicates that the R squared value for the model is 75%, which means that 75% of the variation in CSR disclosure can be explained by the independent variables. The F test is a toll for statistical analysis which is used to assess the general significance/importance of the sample. If the F Test value exceeds 4, it shows that the model is statistically significant and that all the independent variables contribute to predicting CSR disclosure.

In this study, the results show that three CG factors- BIND, WDIR and the presence of an AUDIT—have a positive impact on CSR disclosure. This directs that firms with higher BIND score, higher WDIR, and better AUDIT are more likely to report their CSR actions. These findings have significant implications for a variety of stakeholders, including corporate executives, investors, and regulators. For organizational leaders, the study highlights the significance of strengthening CG structures, mostly by increasing the number of independent board members and appointing more women on boards. Current study considered profitability, firm size and leverage as control variables and assessed their impact on CSR disclosure. Previous research by scholars reflects positive relationship between these variables and CSR disclosure for instance research study by Ghazzali (2007), Haniffa & Cook (2005), Ho & Taylor (2007), Said el al. (2007) and Husted and Allen (2007). Moreover, a study by Vurro & Perrini (2011) establishes the fact that corporations these days are under stringent vigilance of media and environmentalists.

All things considered, the current study emphasizes on the importance of CG and CSR performance, where a positive relationship between CG and CSR disclosure is established. The study suggests good governance practices such as gender diversity, board independence and existence of audit committee will promote CSR performance. The current research findings are helpful for investors, corporate managers, legislators highlighting the importance of CG and CSR performance. The current research also provides roadmap for future researchers to explore the phenomena by considering other variables, test different models, examine the causal relationship, or qualitative methods may be used.

Conflict of Interests

The authors has declared that no competing interests exist.

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