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Impact of corporate governance on financial performance: The mediating role of corporate social responsibility

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Abstract: This study aims to explore the relationships between corporate governance (CG), financial performance (FP), and corporate social responsibility (CSR) in listed firms in Morocco, an emerging economy characterized by dynamic economic growth, constantly developing governance mechanisms, and increasing concern regarding ethical behavior in business. Analyzing the data of 68 firms listed in the Casablanca Stock Exchange and using structural equation model (SEM) analysis to test four hypotheses, the analysis confirms a positive link between CG and CSR, with good governance facilitating ethical and responsible behavior in business. CG, in its direct effect, was found to have a significant contribution to financial performance, with good governance structures leading to financial success. CSR, in its effect, was found to have a positive contribution to financial performance, with financial returns for responsible behavior in business. CSR, in its function, plays a mediating role in CG and its effect on financial performance, with governance having not only a direct contribution but also an indirect contribution through CSR behavior to financial performance.
Keywords: *Corporate governance, Corporate social responsibility, Financial performance, Structural equation modeling.*

1. Introduction

Over the past few decades, there has been a growing interest among both academics and practitioners in the relationship between financial performance (FP), corporate social responsibility(CSR), and corporate governance (CG) [1-3]. As the importance of ethical business practices and sustainable development increases, there is a growing need to understand how CSR initiatives and governance mechanisms influence financial performance, especially in emerging economies such as Morocco, where regulatory frameworks and corporate transparency are changing rapidly [4]. Morocco, with its active stock exchange and ongoing regulatory reforms, offers a relevant context for examining the CG-CSR-FP nexus. However, despite the global academic focus on this issue, research specifically addressing these dynamics in the Moroccan context remains scarce [5, 6].

Morocco has made progress on the development of its corporate governance frameworks and the promotion of CSR initiatives in the last years [7]. CSE, one of the largest financial centers in North Africa, has undergone a wave of regulatory activity, designed to increase transparency and accountability of listed companies in particular. Reforms like the Moroccan Code of Corporate Governance and the National Initiative for Human Development were set up to connect the corporate practice with international standards. These efforts draw upon agency theory [2] and stakeholder theory [1] which emphasize the role of governance in balancing shareholder and stakeholder interests. However, challenges persist, including uneven compliance and a lack of integration of CSR into corporate strategy, making Morocco an ideal setting to investigate the CG-CSR-FP relationship.

The primary objective of this study is to examine the interplay between CG, CSR, and FP in Moroccan listed firms. Specifically, this study aims to: (1) assess the direct impact of CG on CSR and

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FP; (2) analyze CSR's mediating role between CG and FP; and (3) clarify how governance and social responsibility practices influence financial performance within the Moroccan context. By addressing these research questions, the study seeks to contribute to the growing body of literature on CG and CSR and provide actionable insights for Moroccan policymakers and corporate decision-makers.

This research is structured as follows: First, an in-depth literature review will be presented, outlining the key theoretical frameworks and empirical findings related to CG, CSR, and FP. Next, the study's hypotheses and conceptual model will be introduced, providing a theoretical justification for the proposed relationships. The methodology section will then describe the quantitative approach adopted, including data collection from 68 Moroccan companies and the use of Structural Equation Modeling (SEM) to test the hypotheses. The results will be analyzed in detail, followed by a discussion of their implications. Finally, the conclusion will summarize the findings and suggest directions for future research.

2. Literature Review

2.1. Corporate Governance and CSR

The relationship between Corporate Governance (CG) and Corporate Social Responsibility (CSR) has gained significant prominence in current times, with both terms increasingly regarded to be complementary and interrelated [8]. CG, including CSR policy management, seeks to harmonize corporation objectives with requirements of the stakeholders [8]. Empirical studies validate that strong CG is an important precondition for CSR development [9]. Empirical studies such as Filatotchev and Nakajima [10] present that CSR approaches and CG factors such as board, ownership, and incentives can vary appreciably in terms of a country's legal and institution environments. What this involves is that CG and CSR's relation is not general but contextual in character.

The symbiotic intersection between CG and CSR has long been proven in academic studies. For instance, Bolourian, et al. [11] and Jo and Harjoto [12] reiterate that CSR tends to occur in form of good governance, and companies with effective governance practice have a tendency towards having high social responsibility [13]. CG and CSR have complementary objectives: CSR tends to promote ethical and responsible business behavior, and CG seeks to stop corruption and make companies answerable [8, 9]. Empirical studies conducted by Purbawangsa, et al. [14] and Fahad and Rahman [15] confirm that CG positively and significantly influences CSR. In essence, effective CG ensures companies conduct business in an ethical and responsible manner towards society, stakeholders, and environment.

The board of directors, an integral part of CG, is a driving force for CSR goals in organisations [9, 16]. Boards formulate CSR goals, implement them, and evaluate them, and in the process, serve as a connecting bridge between governance and social responsibility Bolourian, et al. [11]. Friedland and Jain [17] extend a step in describing the interrelatedness between CG and CSR, with an argument that such constructs have an inbuilt relation between them. Empirical studies have long proven a positive nexus between effective CG and CSR performance [9]. Nevertheless, with a high level of examination between CG and CSR, such a relation proves uncertain, with studies raising concerns about its uniformity [18].

The composition and structures of boards and owners have an important bearing on organizational behavior towards CSR, as well. Wang and Coffey [19] and Zhang, et al. [20] have performed studies proving that insiders-outsider ratios, insider holding of stocks, and female and minorities' presence in boards have positive relationships with companies' philan-thropic donations. CEOs and managers' actions cannot be overlooked, either. Agency theory puts forward that powerful CEOs can motivate transparency in CSR disclosures for individualistic reasons, but such transparency can be an expression of manager aversion to risk and care for a corporation's reputation [21-23]. That dualism mirrors dualism in CSR decision-making processes.

Recent legal reforms, particularly in India, have generated curiosity in studying how CG factors impact CSR disclosures. Research studies such as Haldar and Mishra [24] illustrate that governance structures such as chairman-CEO duality and female board presence have considerable impacts on CSR expenses. Likewise, studies by Aboud and Yang [25]; Bolourian, et al. [11] and Zaman, et al. [26] validate the thesis that CSR is a function of CG, with governance structures controlling the level and form of CSR activity.

Briefly, CG and CSR ever more embody complementary pillars of responsible business practice. CG provides the governance framework for ethical decision-making, and CSR implements those values in practice regarding addressing society and environment-related issues. Both, in combination, signify a harmonized model for responsible and sustainable business conduct, although both have a multifaceted and situational relationship.

Based on the results of the studies presented, a hypothesis emerges notably:

Hypothesis 1: Corporate governance positively impacts CSR.

2.2. Corporate Governance and Financial Performance

The relationship between financial performance and practice in governance in a corporation has been a rich source of investigation in academic research. Governance in a corporation, including processes and structures in a corporation, is most often regarded as a principal lever for transparency, accountability, and protecting stakeholder interests. Empirical studies have attested that structures such as boards of directors with independence, expert committees, or effective controls promote balanced decision-making, averts conflicts of interest, and instills investors' confidence. All these contribute positively towards financial performance, namely through enhanced valuation in the marketplace, according to research work performed by Shleifer and Vishny [27].

In addition, studies have examined in depth the particular channels by which corporate governance affects financial performance. For example, proactive risk management, reduced financing costs, and improved operating efficiency have been found to reflect major drivers of such a positive effect. However, such a connection may hinge on a particular environment, firm size, or industry, and thus, demonstrates a multifaceted relationship between governance and performance. In addition, board composition and quality are very important. Empirical research, for example, Yermack [28] has demonstrated that a higher percentage of board independence facilitates effective oversight and sound strategic decision-making, and, in turn, information asymmetries are reduced.

Similarly, the position of board chair has been found to impact financial performance. That a role of a chair in guidance and effective management of risks is a source of confidence for investors and, in turn, a boost in a company's economic performance, is a theme espoused in Jensen [29]. Transparency and information disclosure have, at the same time, been emphasized to become an integral part of governance, with effective and transparent information disclosed working towards an improvement in trust in a market, information asymmetries lessened, and a positive contribution in terms of a company's reputation, and in turn, its financial performance.

Moreover, the protection and dignity of shareholder rights become important focal areas in analysis of corporate governance. La Porta, et al. [30] and equivalent studies have established that strong shareholder rights enable effective management, with an encouragement for shareholders to actively contribute and monitor affairs in a company. Active contribution of shareholders aids in balanced decision-making, and shareholder value creation is increased. In a similar manner, fair dealing with shareholders, including fair distribution of dividends and active contribution in important decision-making, aids in shareholder increased loyalty and stabilizes shareholder base, subsequently supporting long-term financial performance.

Finally, the role played by both external and internal stakeholders cannot be overestimated in overall financial performance contribution through governance. Stakeholder theory, developed by Freeman [1] places a high premium on contribution in governance in terms of decision-making for long-term performance. Organizations with consideration of stakeholder expectations in governance have a boost in social acceptance and a competitive advantage, both of which contribute to long-term financial growth.

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Inclusivity, transparency, and accountability, in a balanced and well-designed governance, paint a picture of a scenario in which governance turns obstacles into channels for long-term financial success.
Drawing from the findings of the studies discussed, a hypothesis can be formulated as follows:
Hypothesis 2: Corporate governance positively impacts financial performance.

2.3. CSR and Financial Performance

The link between financial performance (FP) and Corporate Social Responsibility (CSR) has been a focus of extensive empirical investigations for a long time, with a particular emphasis through accounting-based metrics like Return on Equity (ROE) and Return on Assets (ROA). However, an extensive literature gap is evident regarding the use of Gross Profit Margin (GPM) as a measure of financial performance of firms engaging in CSR practice. Since CSR entails high investment and mobilization of resources, such activities have far-reaching implications for a firm's financial performance. In using ROA and GPM, both of which have been very commonly used in the past literature [31] this present study aims to make a contribution towards a better understanding of the CSR-FP relationship in an emerging economy like that of Indonesia.

There is a significant body of literature, including studies conducted by Szegedi, et al. [23]; Hossain, et al. [32] and Angelia and Suryaningsih [33] that presents evidence of a positive association between CSR and financial performance metrics such as ROA and ROE. CSR's predictive value for profitability, corporate reputation, and financial performance's positive impact and its relation with CSR disclosures and environment performance have been emphasized in these studies. For instance, Hossain, et al. [32] determined that CSR programs undergird financial performance through increased corporate reputation and trust in stakeholders, and subsequently, profitability can result. Similarly, empirical works conducted by Raza, et al. [34] and Gautam, et al. [35] have determined that CSR programs enhance organizational performance, as measured through ROA, ROE, and Tobin's Q. Overall, these studies point towards CSR's use as a financial performance improvement tool through its use as a strategic tool.

However, the CSR and financial performance nexus is not positive in all instances. Negative and insignificant CSR and financial performance proxy relationships, including with ROA and ROE, have been discovered, for example, by Ben-Saad and Belkacem [36]. Negative relations, in particular with ROA, have been reported, for example, by Angelia and Suryaningsih [33] and Cho, et al. [37]. Varying findings verify that CSR and financial performance have a contingent and complex relation, and, as such, further investigation is in order in an effort to iron out discrepancies and paint a fuller picture.

Moreover, the CSR and financial performance nexus seems to have a two-way street character. According to a study conducted by Gautam, et al. [35] financial performance can impact CSR disclosure, with a feedback loop in which financial performance and CSR actions stimulate one another. Employing factor analysis and multivariate analysis, in its analysis, this study detected a positive and moderate relation between CSR and financial performance, yet again re-emphasizing the interrelated character of both spheres.

Briefly, while present studies contribute significant insights into CSR and its impact on financial performance, conflicting results and underutilization of tools such as GPM require a deeper analysis. Scholars have to bridge such gaps in future studies, explore contextual factors, and paint a fuller picture of CSR programs' impact on financial performance in a range of industries and geographies. By doing so, academicians and practitioners can make a better sense of CSR and its financial impact, and, in consequence, drive more profitable and sustainable business operations.
In light of the evidence presented in prior research, a hypothesis can be proposed, specifically:
Hypothesis 3: Corporate social responsibility positively impacts financial performance.

2.4. Corporate Governance and Financial Performance: The mediation of CSR

The relationship among financial performance (FP), Corporate Governance (CG), and Corporate Social Responsibility (CSR) has been a prominent subject of academic research. Empirical researches universally depict that CG directly and indirectly influences FP, with CSR performing the role of a mediator [11, 14, 38]. Good governance frameworks foster honest and responsible conduct, and consequently, heighten CSR practice [11, 14, 38]. CG is the structural foundation for influencing manager decision-making and organizational conduct [39] and its mediating role in CSR-market power-financial performance is full of insights regarding governance frameworks' influence on CSR programs' outcomes and financial effect.

CG not only strengthens CSR responsiveness but also positively impacts financial performance [15, 40]. By providing transparency and accountability, sound governance processes build trust in stakeholders, and such trust fortifies an organization's financial position [39]. This mediator role reflects the importance of knowing through which mechanism CG fortifies CSR's positive impact on FP, shedding lights over direct and indirect channels [39, 41]. For instance, it has been established that strong governance structures allow companies to implement CSR programs effectively, and in turn, financial performance is strengthened.

Moreover, there is a proven positive association between an organisation's environmentally and socially responsible practice and its financial performance and overall performance [38]. CSR is understood to function partially in between CG and FP, with governance practice enhancing CSR activity, and CSR activity generating financial performance [42]. What then this infers is that CSR is a bridge, translating effective governance into financial performance in a real and concrete manner.

In summary, CG, CSR, and FP have an interrelated and multidimensional relation. Not only does effective governance have a direct impact on financial performance, but it also enhances CSR practice, and CSR practice, in its turn, helps to deliver enhanced financial performance. By investigating CG's role in mediating CSR and its relation with financial performance, one can have a deeper insight into the interrelated nexus between ethical governance, responsible business, and financial performance.

Considering the results highlighted in the existing research, a hypothesis can be derived, namely:

Hypothesis 4: Corporate governance positively impacts financial performance with the mediation of Corporate social responsibility.

3. Conceptual Model

After outlining the conceptual framework and reviewing existing research, it is important to emphasize that the primary objective of this study is to explore the correlation between the three variables: "corporate governance," "corporate social responsibility," and "financial performance." On one hand, the analysis will focus on examining this relationship, while on the other hand, it will aim to test and validate the proposed model (Figure 1) as well as the hypotheses previously stated.

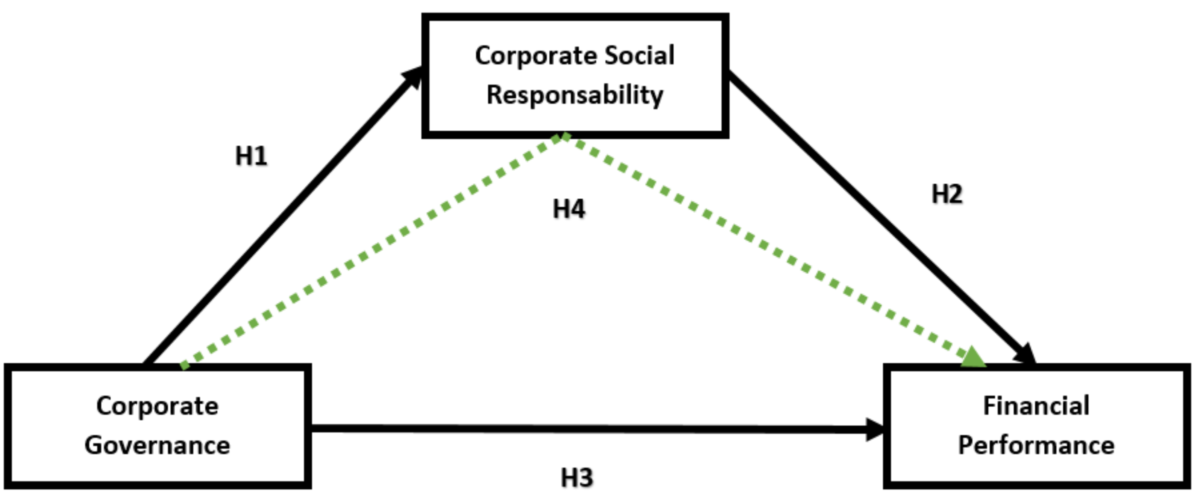

Figure 1.
Research Model.

4. Methodology

In the context of our study, we have chosen to explore the influence of corporate governance on corporate social responsibility and the financial performance of companies listed on the Casablanca Stock Exchange. Our sample includes 68 Moroccan companies, selected to represent various sectors of the national economy.

The research method we applied is the Structural Equation Modeling (SEM) approach. This method was chosen to test and validate the four hypotheses formulated in our study, as well as to evaluate the research model as a whole. Structural Equation Modeling provides a robust analysis for exploring the complex relationships between corporate governance variables, corporate social responsibility, and the financial performance of the companies studied. Its use aims to deliver precise and meaningful results, thereby enhancing our understanding of the dynamics between corporate governance and financial performance within the Moroccan context, with corporate social responsibility acting as a mediating factor.

4.1. Measurement Instruments

In the Table, we present the three variables included in our study, each accompanied by the corresponding number of items as well as references to the research studies from which the items were derived.

Table 1.
Measurement instruments.

Variables	Items number	Authors
Corporate Governance	12	Fazli, et al. [43] and OECD [44]
Corporate Social Responsibility	5	Kim [45]
Financial Performance	6	Morck, et al. [46]; Bebchuk and Cohen [47] and Bebchuk, et al. [48]

The items were selected based on the research works of Fazli, et al. [43] and the OECD [44] to measure the "Corporate Governance" variable, Kim [45] for the "Corporate social responsibility" variable, and Morck, et al. [46]; Bebchuk and Cohen [47] and Bebchuk, et al. [48] for the "Financial Performance" variable. This rigorous selection of measurement instruments ensures the validity and reliability of our variable assessments.

4.2. Sample

Within the characteristics of the 68 companies listed on the stock exchange, we describe their legal status, workforce, industry sector, as well as the data of the respondents.
The sample of the confirmatory study is distributed as follows:

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Table 2.
The characteristics of the empirical study sample.

Firms	Frequency	%
Legal Form		
Limited company	67	99%
Partnership Limited by Shares	1	1%
Workforce Size		
Between 0 and 10	1	1.47%
Between 10 and 100	5	7.35%
Between 100 and 250	13	19.12%
Between 250 and 500	11	16.18%
More than 500	38	55.88%
Activity Sector		
Industrial	18	26.47%
Services	40	58.82%
Construction (BTP)	7	10.29%
Others	3	4.41%
Respondents	**Frequency**	**%**
Position		
Chief Financial Officer	6	8.82%
Financial Manager	13	19.12%
Accountant	5	7.35%
Management Controller	22	32.35%
Others	22	32.35%
Years of Experience		
0 – 1 year	4	5.88%
1 – 3 years	18	26.47%
3 – 6 years	32	47.06%
6 – 10 years	9	13.24%
10 years or more	5	7.35%

The analysis of the table 2 reveals the characteristics of our sample for the confirmatory factor study. It consists of 67 publicly listed companies, all registered under the legal status of "limited liability company." Only one company holds the legal status of "limited partnership by shares."

Regarding company size, the table 2 indicates that 55.88% of the listed companies are large enterprises, employing more than 500 employees. Small and medium-sized enterprises represent 35.30% of the sample, while very small enterprises account for only 8.82%.

In terms of industry sector, we observe that 58.82% of the listed companies are service-based enterprises, 26.47% are industrial enterprises, and 10.29% specialize in construction and public works (BTP).

Concerning the positions held by the respondents, the table 2 shows that 32.35% are management controllers, 19.12% are financial managers, 7.35% are accountants, 8.82% are financial directors, and 32.35% hold other financial roles such as financial auditor, financial analyst, credit controller, etc.

Regarding professional experience, we note that among the respondents working in listed companies, 47.06% have between 3 and 6 years of experience, 32.35% have between 0 and 3 years of experience, 13.24% have between 6 and 10 years of experience, and 7.35% have more than 10 years of experience.

5. Results

To ensure the overall validity of the research, it is essential to verify various specific aspects, including construct validity, the validity of the measurement instrument, the internal validity of the research results, and the external validity of these results.

The data presented in Table 3 also reveal that Cronbach's alpha exceeds 0.7, as do the values of rhos_A and rhos_C, while the AVE (Average Variance Extracted) is greater than 0.5. These results highlight convergent validity, consistent with the scientific standards of management science [49, 50].

Table 3.
Convergent and discriminant validity results.

	Cronbach's alpha	Rho_a	Rho_c	AVE	CG	CSR	FP
CG	0.914	0.922	0.939	0.795	0.891		
CSR	0.925	0.933	0.940	0.692	0.832	0.832	
FP	0.838	0.843	0.885	0.608	0.832	0.819	0.780

CG : Corporate Governance ; CSR : Corporate Social Responsibility ; FP : Financial Performance

The analysis of the discriminant validity test (Fornell-Larcker Criterion) reveals that the diagonal value is greater than all the values below it, thereby confirming discriminant validity. Moreover, it is evident that these elements are strongly linked to their respective constructs but exhibit weak correlations with other constructs. These findings conclusively confirm the discriminant validity of the scale.

To further our analysis, let us examine the R^2 and Q^2 values. For our key variables, Corporate Social Responsibility and Financial Performance, the R^2 shows significant results of 0.868 and 0.886, respectively.

Regarding the effect size Q^2, the results presented in table 4 indicate that the Q^2 value is greater than 0, demonstrating the predictive relevance of the model. More specifically, for the two variables "Corporate Social Responsibility" and "Financial Performance," the Q^2 value exceeds 0.30, indicating a large effect size according to the Q^2 indicator.

Table 4.
R^2 and Q^2 Values.

	R^2	Q^2	Interpretation
Corporate Social Responsibility	0.868	0.864	Significant
Financial Performance	0.886	0.861	Significant

At this stage, we will use the Bootstrapping option to test our research hypotheses. To recap, we have three direct relationships and one mediation relationship. According to Table 5 & 6, and Figure 2, we can observe that the three direct relationships between the variables are positive, as is the mediation relationship.

First, corporate governance is positively linked to the variable "corporate social responsibility" ($T = 61.675$, $p < 0.001$). The result of the first hypothesis is positive, which supports hypothesis H1. Next, the results also show a direct positive impact of the variable "corporate social responsibility" on the variable "financial performance" ($T = 12.491$, $p < 0.001$). This confirms hypothesis H2. Then, the results further indicate a direct positive impact of the variable "corporate governance" on the variable "financial performance" ($T = 3.432$, $p < 0.01$). This supports hypothesis H3. Finally, we note that hypothesis H4, regarding the positive effect between the two variables "corporate governance" and "financial performance" with the mediation of the variable "corporate social responsibility," is validated ($T = 3.427$, $p < 0.01$).

Figure 2.
Results of model testing.

Table 5.
Direct relationships results between variables.

	O	M	STDEV	T statistics	P values	Decision
H1 : CG -> CSR	0.931	0.933	0.015	61.675	0.000	Accepted
H2 : CG -> FP	1.317	1.320	0.105	12.491	0.000	Accepted
H3 : CSR -> FP	-0.415	-0.417	0.121	3.432	0.001	Accepted

Note: CG : Corporate Governance ; CSR : Corporate Social Responsibility ; FP : Financial Performance.

Table 6.
Results of the mediation relationship.

	O	M	STDEV	T statistics	P values	Decision
H4 : CG -> CSR -> FP	-0.386	-0.389	0.113	3.427	0.001	Accepted

CG: *Corporate Governance; CSR: Corporate Social Responsibility; FP: Financial Performance*

6. Discussion

The findings of this study highlight significant relationships between Corporate Governance (CG), Corporate Social Responsibility (CSR), and Financial Performance (FP) among listed companies in Morocco. The first hypothesis confirms a positive correlation between CG and CSR, aligning with prior theoretical and empirical research by Veres [8]; Jamali, et al. [9]; Filatotchev and Nakajima [10]; Bolourian, et al. [11]; Jo and Harjoto [12] and [14]. This suggests that robust governance frameworks foster ethical and socially responsible practices, reinforcing the interdependence of CG and CSR.

The second hypothesis reveals a significant positive impact of CG on FP, consistent with the findings of influential studies such as Shleifer and Vishny [27]; Yermack [28]; Jensen [29] and La Porta, et al. [30]. These results underscore the critical role of governance in enhancing financial outcomes, as effective CG mechanisms promote transparency, accountability, and strategic decision-making, which collectively drive organizational performance.

The third hypothesis further supports the positive influence of CSR on FP, corroborating the conclusions of Crisóstomo, et al. [31]; Szegedi, et al. [23]; Hossain, et al. [32]; Angelia and

Suryaningsih [33]; Raza, et al. [34] and Gautam, et al. [35]. This indicates that companies engaging in socially responsible practices not only contribute to societal well-being but also achieve better financial results, likely due to enhanced reputation, stakeholder trust, and long-term sustainability.

Finally, the fourth hypothesis emphasizes the mediating role of CSR in the relationship between CG and FP. This finding aligns with the work of Qureshi, et al. [38]; Purbawangsa, et al. [14]; Bolourian, et al. [11]; De Villiers and Dimes [39]; Fahad and Rahman [15]; Tarigan, et al. [40] and Nura and Tasman [42]. It suggests that CG not only directly improves FP but also indirectly enhances it by fostering CSR initiatives, which act as a bridge between governance and financial success.

7. Conclusion

In conclusion, this study provides a comprehensive analysis of the relationships between corporate governance (CG), corporate social responsibility (CSR), and financial performance (FP) among listed companies in Morocco. Through empirical research and quantitative methods, we examined data from 68 companies, formulated hypotheses, and developed a research model validated using structural equation modeling (SEM). The findings reveal several critical insights that contribute to both academic understanding and practical applications.

First, the study confirms a positive correlation between CG and CSR, aligning with prior research by Veres [8]; Jamali, et al. [9] and others. This suggests that effective governance frameworks promote ethical behavior and socially responsible practices, reinforcing the interdependence of CG and CSR. Second, CG has a significant direct impact on FP, consistent with findings from Shleifer and Vishny [27]; Yermack [28] and Jensen [29]. This underscores the role of governance in enhancing transparency, accountability, and strategic decision-making, which collectively drive financial success.

Third, the study demonstrates that CSR positively influences FP, corroborating the work of Crisóstomo, et al. [31] and Szegedi, et al. [23]. This indicates that companies engaging in socially responsible practices not only contribute to societal well-being but also achieve better financial outcomes, likely due to enhanced reputation, stakeholder trust, and long-term sustainability. Finally, the findings highlight the mediating role of CSR in the CG-FP relationship, as supported by Qureshi, et al. [38]; Purbawangsa, et al. [14]. This mediation effect reveals that CG not only directly improves FP but also indirectly enhances it by fostering CSR initiatives, which act as a bridge between governance and financial performance.

Overall, this study underscores the importance of integrating strong governance frameworks with proactive CSR strategies to achieve sustainable and profitable business outcomes. By aligning ethical commitments with financial objectives, companies can create long-term value for stakeholders and shareholders alike. These findings offer valuable insights for policymakers and business leaders in Morocco and other emerging markets, providing a roadmap for enhancing corporate performance through effective governance and responsible business practices.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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