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Nexus between Corporate Governance and Corporate Social Responsibility in Family-Owned Firms

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ABSTRACT
Objective: This study investigates the CG-CSR causal relationship among Pakistan family-owned firms.
Research Gap: The research gap identified is the lack of empirical investigation into how specific corporate governance determinants (such as CEO duality, audit committee size, insider shareholders, institutional shareholders, board independence and board size) directly affect CSR disclosure of Pakistan family-owned firms, particularly those engaged in CSR activities between 2013 and 2022.
Design/Methodology/Approach: Data was collected from the annual reports. The heteroskedastic issue is absent in the CG-CSR econometric model, but serial autocorrelation exists; therefore, FGLS regression is run to assess the developed research hypothesis.
The Main Findings: The findings reveal that board size, CEO duality, and institutional shareholding negatively impact CSR, suggesting that more streamlined boards may enhance CSR initiatives. Conversely, board independence, audit size and insider shareholding positively impact CSR, suggesting that effective corporate governance mechanisms significantly influence CSR disclosure in Pakistan family-owned firms.
Theoretical / Practical Implications of the Findings: Practically, firms should enhance board independence and audit committee size to boost CSR transparency, while limiting CEO duality and institutional shareholding to reduce conflicts. Theoretically, the results support agency theory, highlighting the role of governance in aligning family firm goals with socially responsible practices.
Originality/Value: The study's originality lies in its focus on examining the direct impact of specific corporate governance factors on CSR disclosure in family-owned firms listed on the PSX, providing insights into governance-CSR dynamics in Pakistan's unique corporate environment.

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1. Introduction

Over a decade, several authors have examined family businesses with a stringent corporate governance (CG) system where several generations related by blood, marriage, or adoption exercise control and can steer the firm toward specific objectives (Hassan, 2023; Khan et al., 2022). From the research done by Hassan et al. (2022), the reason why it is relevant to apply good CG practices in a family business is that it fulfills the main objective of enhancing accountability that is coupled with full disclosure of information, transparency and fairness that is crucial for business success. According to Nasir et al. (2023), internal control is one of the most applied CG mechanisms that BODs use to improve CSR disclosure apart from the goal of maximizing shareholder wealth, which is an initiative that surpasses legal requirements. Studies have also indicated that firms which have good internal controls with mechanisms in place are likely to undertake CSR practices (Khan et al., 2022).

The relevance of understudied variables extend beyond firm-level performance and aligns with the broader global agenda set by the United Nations' Sustainable Development Goals (SDGs) because strong CG mechanisms contribute to SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice, and Strong Institutions) by fostering ethical business practices and accountability. Furthermore, CSR initiatives directly support SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action) by encouraging environmental sustainability and community engagement (Sarkar et al., 2023; Toukabri & Mohamed Youssef, 2023). CG has a significant role in defining the direction and management of the firm, particularly the family businesses. This is because of the blend of ownership, management and decision-making functions within the same entity, and this usually makes these firms to have structures of governance that are distinct from other firms (Hassan, 2023). This tightly knit control can bring long-term stability but may be accompanied by problems such as opacity, accountability, or conflict of interests (Padungsaksawasdi & Treepongkaruna, 2024; Qasem et al., 2024). In family firms especially those in Pakistan, governance structures involve a lot of trust and informal structures thus affording strength to decision making or acting as sources of weakness in professional management (Bashir et al., 2020). Notably, the concept of CSR is gaining more attention in the global marketplace specifically family-owned businesses owing to the fact that these firms may have close ties with the community and may have a greater social responsibility towards the community (Qasem et al., 2024). Non-family firms consider CSR as a tool to increase stakeholder value while family firms might see CSR as the continuation of their familistic values such as ethical behaviour and the welfare of the community in the long run (Qasem et al., 2024). CSR activities that may be adopted by family businesses may include charitable activities, environmental conservation, among others. In Pakistan's family-owned firms CSR is perceived as an opportunity to build reputation, improve stakeholders' trust and guarantee longevity of the enterprise. However, managing the tension between short-term financial objectives and CSR programmes is relatively difficult (Abu Afifa et al., 2023). For example, Mustafa et al. (2025) highlighted that nearly 45% of Pakistani family firms face challenges in reconciling immediate profit demands with the long-term investments needed for robust CSR engagement. Further, studies suggest that the inherent trade-offs between short-term financial objectives and sustained CSR initiatives can undermine strategic decision-making in these enterprises (Farooq & Noor, 2023; Irfan et al., 2024).

In the context of Pakistan's family-owned firms, aligning CG and CSR with the SDGs ensures long-term business resilience while addressing critical social and environmental challenges. Hence, understanding the interaction between CG and CSR is crucial to the management of a firm's strategic decisions. Although, it is evident in previous studies that having a good CG reduces conflicts in family owned businesses and thus achieve the overall goals of CSR. However, most studies focus on developed economies or non-family-owned firms, leaving a gap in understanding how these dynamics unfold in Pakistani family-owned businesses (Irfan et al., 2024; Qasem et al., 2024). Research in European countries such as the UK and Australia (Enciso-Alfaro & García-Sánchez, 2023; Vo et al., 2023) as well as other Asian countries like India and China (Bhaskar et al., 2024; Javed et al., 2024) has explored CG-CSR relationships, yet findings may not be directly applicable to Pakistan due to differences in regulatory environments, cultural influences, and ownership structures. Especially since family businesses remain the prevalent form of corporate enterprises in Pakistan, it is necessary to comprehend this relationship in order to foster ethical and socially responsible behavior (Hassan et al., 2022). This study fills this gap by specifically analyzing how CG mechanisms shape CSR initiatives in Pakistan's family-owned firms and offers insights tailored to a developing economy with a strong presence of family-owned enterprises, contributing to both theory and practice by addressing governance challenges unique to this context. Therefore, the empirical importance of the study lies in the investigation of the direct effect of the CG determinants, namely, CEO duality, audit committee size, insider shareholders, institutional shareholders, board independence, and board size on the CSR disclosure by the PSX listed family firms that are involved in CSR activities between 2013 and 2022. Studying this phenomenon, this study provides practical insights for policymakers and business leaders seeking to enhance CSR practices. Moreover, this research aligns with the SDGs, emphasizing the role of governance in driving responsible corporate behavior and long-term sustainability. The remaining paper is arranged as follows: The second section of the paper provides a literature review, section three focuses on data collection and method, section four is about the findings and section five contains the conclusion of this study.

2. Literature Review

2.1 Theoretical Review

In this research, agency theory and stakeholder theory are used to understand the relationship between CG and CSR in family business in Pakistan. Whereas agency theory explains internal governance structures, stakeholder theory concerns the firm's external obligations and together both broaden the concept of a more socially responsible and ethically managed business.

Agency theory explores that there is a risk of divergence of interest between the owners (principals) and the managers (agents), due to self-interest of the agents (Jensen & Meckling, 1976). Agency costs are also not very significant in family businesses because while ownership is vested in the family, control is also in the hands of the family since most family business are managed by the owners themselves. Nevertheless, there are issues of governance that are apparent especially on issues to do with decision making that would benefit the family rather than other stakeholders (Khan & Mushtaq, 2020; Mariani et al., 2023). This theory therefore calls for good CG structures that ensure the family's interest is well aligned with the sustainable interest of the firm. Therefore, the CG system is significant in addressing the problem of the misinterpretation of CSR as a tool for achieving short-term financial gains or an individual's self-serving agendas. Effective governance structures assist in managing conflicts and making CSR as a strategic element in the firm (Khan et al., 2022).

Stakeholder theory broadens the vision by insisting that firms are responsible not only for shareholders but also all stakeholders such as the suppliers, employees, general public and customers (Freeman, 1984). These firms can be more inclined to get involved in CSR activities that are aligned with the family values and their long-time relations with the society. This theory implies that CSR initiatives should be made to preserve the best self-interest of CG mechanisms and that they ought to be real for various stakeholders (Nasir et al., 2023). Incorporation of CSR in the governance structure can capture the social and environmental goals of the fobs and satisfy the stakeholders hence improving the reputation of the business.

2.2 Hypothesis Development

One of the critical CG elements is the board size responsible to play a vital role in ensuring that a company's operations are effectively managed by its representatives for the benefit of stakeholders (Enciso-Alfaro & García-Sánchez, 2023). From the agency theory perspective, it has been argued that a giant board may lead to more conflicts among board members as communication challenges and the need for consensus on a large board can compromise its effectiveness. Following agency theory, the existing literature contends that a larger board may reduce operational and decision-making efficiency, making businesses less concerned with CSR relevant information disclosure (Abu Afifa et al., 2023; Maswadi & Amran, 2023). On the other hand, considering the perspectives of stakeholder theory, a board with numerous directors is associated with greater managerial control, which ultimately enhances a company's performance through compliance with regulations and guidelines. Consequently, a larger board is expected to play a more significant role in disclosing CSR activities compared to a smaller board, as Lepore et al. (2023) argued that a larger board could benefit from a diversity of information, skills, and experiences, improving its ability to regulate and monitor the company's disclosures and enhance CSR efforts. Due to the contrasting findings in both studies and the theoretical perspectives presented, the researcher anticipates a negative relationship between board size and CSR, in line with the agency theory, as stated in the following hypothesis.

H1: Board size and CSR are inversely related.

Irfan et al. (2024) and Vo et al. (2023) concluded that greater board independence is positively associated with CSR disclosure, arguing that independent directors are more likely to prioritize stakeholders' interests especially environmental regulators. The findings are supported by Qasem et al. (2024) and Lepore et al. (2023), who observed the same outcomes arguing that the companies implemented CSR disclosure as an effective tool for the goal of strengthening the moral legitimacy of the firms contending that independent directors play a significant role in maintaining strong unbiased relationships with all the stakeholders aiming to work for societal welfare that ultimately leads to urge companies to disclose their CSR practices. These studies followed the stakeholder and legitimacy theory while proposing the outcomes. However, some studies have identified a negative relationship, suggesting that more independent directors may reduce CSR disclosure (Irfan et al., 2024; Padungsaksawasdi & Treepongkaruna, 2024). While putting forth the arguments, the scholars contend that these shareholders may be under the influence of top level executives who do not want to invest in environmental initiatives but in personal wealth maximization. Following the stakeholder theory and studies supporting positive relationship, the researcher has developed the following research hypothesis.

H2: Board independence and CSR are positively related.

Numerous studies have demonstrated a negative association between CSR disclosure and CEO duality, contending that when the leadership is separated, CSR and information disclosure will rise (Bhaskar et al., 2024; Javed et al., 2024). While putting forth the arguments following agency theory, the scholars concluded that because governing powers and decision-making authority are concentrated in the hands of one person when someone holds two positions, the efficacy of BODs in carrying out their governance tasks may be jeopardized that ultimately lead to the less focus on environmental initiatives. The findings are supported by Nasir et al. (2023), who contended that more decision-making authority as a result of this duality make it more difficult for the board to oversee corporate activities and disclosure regulations, such as CSR disclosures and initiatives. While putting forth the arguments, the scholars holds that position duality may be more likely to lead the executive to put his interests first, which could result in conflicts of interest, leading to pay less tension on satisfying the concerns of external stakeholders especially environmental regulators. Following the agency theory and studies, the researcher has developed the following research hypothesis.

H3: CEO duality and CSR are inversely related.

According to Feng et al. (2024), institutional ownership (IO) refers to an investor's practice of holding a certain proportion of shares in a given company to achieve greater returns and lower risks on behalf of their clients, who are in charge of keeping an eye on the management's opportunistic actions. The literature reveals a negative IO-CSR relationship as, according to advocates of agency theory, institutional investors, primarily investment banks and mutual funds, monitor management decisions and press them to reduce or enhance CSR disclosure efforts, which in turn causes a decrease or gain in firm value (Rudiatun & Anggorowati, 2024). However, a different school of thinking influenced by stakeholder theory proposed that the understudy variables had a positive association. It was suggested that while some institutional investors push their owners to gain short-term profits from their investments, most institutional owners are more concerned with long-term profit-making, which can only be achieved through participating in CSR initiatives (Al-Qadasi, 2024; Irfan et al., 2024).

H4: Institutional ownership and CSR are positively related.

Insider shareholders are individuals who possess a substantial stake in a company's shares and possess in-depth knowledge about the company's operations (Hassan, 2023). Many scholars have explored the correlation between insider shareholders and CSR. Irfan et al. (2024) discovered that companies with significant insider ownership levels tend to exhibit more socially responsible conduct contending that insider shareholders are deeply invested in the company's long-term success, motivating them to prioritize CSR initiatives. Likewise, a study by Rudiatun and Anggorowati (2024) revealed a positive connection between CSR practices and insider ownership, arguing that insiders are better positioned to influence and monitor the company's CSR activities, resulting in more socially responsible actions owing a closer relationship with the company and be engaged in its decision-making processes. Farooq and Noor (2023) following stakeholder theory also found a positive relationship between understudied variables contending that insider shareholders, being the owners of the company, exhibit a heightened motivation to ensure the company's sustainable operation and engagement in socially responsible practices and uphold the company's reputation, thereby enhancing long-term profitability for the benefit of all stakeholders.

H5 : Insider shareholders and CSR are positively related.

It is crucial for the audit committee to effectively allay concerns, monitor, and improve CSR practices to be carried out by the firms as a supervisory tool, as larger audit committees are thought to have a better understanding of the worries of the stack holder regarding society, which aids in the development of their arguments on the disclosure of a company's CSR practices (Abu Afifa et al., 2023). The agency theory's premise that a larger audit committee has a beneficial impact on CSR disclosure activities is also supported by empirical research (Al-Qadasi, 2024; Rudiatun & Anggorowati, 2024). According to their argument, a large audit committee's more profound knowledge and experience encourages the adoption of strong CG practices, strengthening internal control mechanisms within the organization and increasing a company's reporting accountability to the public. The researcher anticipates a favorable association between audit committee size and CSR disclosure based on the discussion above and the agency theory provided below.

H6: Audit committee size and CSR are positively related.

3. Methodology

This study investigates the CG-CSR causal relationship among PSX listed family-owned firms between 2013 and 2022, using annual reports as the primary data source, with five CG proxies namely CEO duality, audit committee size, insider shareholders, institutional shareholders, board independence, and board size. In line with Khan et al. (2022), the current study examined CSR disclosure by taking a firm's CSR expenses natural Log incurred in a given year. Even though the businesses chosen as the sample were inviting expenses on diverse CSR activities, most CSR expenses inviting activities were community development, donations, community welfare, society welfare, social improvements, charity, education, and environmental management.

Table 1: Final Sampled Firms

Category	Number of firms
Total firms	544
Less: Financial institutions	124
Less: Defaulted firms	(11)
Less: Newly established firms	(60)
Less: Firms not involved in CSR activities	(73)
Less: Non-family firms	224
Final firms	**52**

Source: Authors' Compilation

Total 52 family-owned firms are selected excluding financial firms, defaulted firms, newly established firms consistent with Hassan (2023) and firms not involved in CSR practices consistent with Adel et al. (2019). The firms are classified as family-owned firms following the criteria proposed by Hassan (2023).

Table 2: Variable's proxies

Variables	Proxy
Board size	Number of directors in a year
Board independence	Independent directors/total directors
CEO duality	One if the CEO has a dual position; otherwise, 0
Institutional shareholding	Institutional shares/total shares
Audit size	Number of audit committee members
Insider shareholding	Director's shares/total shares
CSR	LN (CSR expenses)
Debt ratio	Debt-to-asset ratio
Financial leverage	Debt-to-equity ratio
Liquidity	Current asset to current liability ratio
Firm age	Ln (established years)

Firm size	Ln (Total assets)

Source: Authors' Compilation

The following econometric model has been developed for this study where CSR is the abbreviation for corporate social responsibility, ACS is audit committee size, BS is board size, INSD is insider shareholding, BI is board independence, and IO is institutional shareholding.

$$CSR_{i,t} = \beta 0_{i,t} + \beta 1\,(ACS)_{i,t} + \beta 2\,(BS)_{i,t} + \beta 3\,(INSD)_{i,t} + \beta 4\,(BI)_{i,t} + \beta 5\,(CEO\ Duality)_{i,t} + \beta 6\,(IO)_{i,t} + \beta 7\,(Controls)_{i,t} + e$$

Hausman test is applied to decide preferable panel data regression model consistent with Hassan (2023). The significant test statistic value leads to choosing a fixed effect model while insignificant test statistic value leads to choosing random effect model. After validating classical regression assumptions, the findings are linked with theories and existing literature to find uniformity between results and propose possible interpretations. The same methodology has also been used in the existing literature (Hassan et al., 2022; Irfan et al., 2024).

3.1 Suitable Regression Model

Two main classical regression assumptions: heteroskedasticity (based on Breusch-Pagan test) and serial autocorrelation (based on Wooldridge test) of which the results are presented in Table 4 are tested to choose preferable panel data analysis model (Hassan, 2023).

Table 3: Suitable regression model

Details	CG-CSR
Heteroskedasticity	No
chi2(1)	0.39
Prob>chi2	0.5309
Autocorrelation	Yes
F (1, 51)	18.375
Prob > F	.0001
Preferable model	FGLS

Source: Authors' Estimation

The heteroskedastic issue is absent in the CG-CSR econometric model, but serial autocorrelation exists; therefore, FGLS regression is run in line with Hassan et al. (2022).

4. Data Analysis and Findings

4.1 Descriptive Statistics

The CSR expenses mean of 15.46 (Table 1) implies that family firms are dedicating resources to CSR, a trend that reflects growing awareness and societal expectations regarding corporate responsibility. This CSR investment aligns with Pakistan's evolving corporate landscape, where businesses increasingly recognize the importance of environmental and social stewardship.

Table 4: Descriptive statistics

Variable	Mean	STD	Min	Max
Liquidity	1.91	1.43	0.14	10.55
Firm Age	3.55	0.50	0.69	4.28
Debt Ratio	0.45	0.17	0.02	0.79
CEO Duality	0.11	0.32	0.00	1.00
Financial Leverage	0.98	0.70	0.02	4.56
CSR Expenses	15.46	2.21	9.21	26.86
Board Independence	0.22	0.16	0.00	0.80
Board Size	8.12	1.69	6.00	18.00
Audit Committee Size	3.50	0.78	3.00	6.00

Institutional Shareholding	20.30	17.34	0.00	64.42
Insider Shareholding	51.69	22.32	18.90	97.77
Firm Size	23.75	1.68	17.76	25.31

Source: Authors' Estimation

Concerning the explanatory variables, the average board size of 8.12 which indicates that the family-owned firms in Pakistan have moderate boards. At the same time, a mean of 0.22 for board independence suggests that independent directors are not common in the companies, which means that external control is weak. For instance, the average institutional shareholding of 20.30 indicates that institutional investors own a number of shares, meaning that they hold a lot of power within those firms. On the other hand, the insider shareholding mean of 51.69 suggests a high degree of ownership by family members or insiders, which results in high family influence over the strategic management of the firm and its governance system.

4.2 Discussion on Results

The study's main aim was to examine the impact of various CG factors on CSR disclosure practices, as revealed in Table 5. The achieved outcomes revealed that the negative board size coefficient of -0.189 *** suggests that an increase in board size is associated with a decrease in CSR with an implication that larger boards may have difficulty reaching consensus or might prioritize other objectives over CSR initiatives. The obtained results confirm the acceptance of the hypothesis is supported by empirical literature (Mohammadi et al., 2021; Orazalin, 2019) and agency theory.

Furthermore, the positive board independence coefficient of 0.436 suggests a potential positive association between board independence and CSR, leading toward the acceptance of the developed hypothesis. The results are consistent with Biswas et al. (2019) and Ebaid (2022), who argued that independent directors are more likely to ensure compliance with environmental regulations and prioritize stakeholders' interests, reducing information asymmetry and fulfilling their societal responsibilities. So, we can infer that having a board with a higher degree of independence might lead to more effective oversight and commitment to CSR activities.

Furthermore, the negative CEO duality coefficient of -0.323 indicates that when the CEO also holds the position of Chairperson, CSR may be negatively affected. It may help prevent conflicts of interest and promote more objective decision-making regarding CSR initiatives. The results are consistent with (Salhi et al., 2020; Voinea et al., 2022), who contend that a CEO who simultaneously holds the chairpersonship may be more likely to put his interests first, which could result in conflicts of interest. This perspective holds that he will only decide what is best for himself and no one else.

Table 5: Hypothesis testing

Variables	Beta coefficients (standard errors)	VIF
Board size	-0.189*** (0.0558)	1.08
Board independence	0.436 (0.582)	1.05
CEO duality	-0.323 (0.290)0	1.02
Institutional shareholding	-0.00656 (0.00723)	1.90
Audit size	0.161 (0.127)	1.18
Insider shareholding	0.00384 (0.00549)	1.97
Debt ratio	1.637 (1.213)	
Liquidity	-0.0884 (0.0811)	
Financial leverage	-0.753*** (0.264)	

Firm age	0.117
	(0.188)
Firm size	0.425***
	(0.0614)
Constant	6.441***
	(1.656)
Wald chi2(11)	72.27
Prob > chi2	0.000

Source: Authors' Estimation

The negative institutional shareholding coefficient of -0.00656 suggests that institutional shareholding has a negative impact on CSR. The result is the evidence of hypothesis acceptance. It is consistent with the agency theory and empirical literature (Barnea & Rubin, 2010), which contend that institutional investors, mostly investment banks and mutual funds banks, monitor management decisions and press them to reduce or enhance CSR disclosure efforts, which in turn cause a decrease or gain in firm value.

Furthermore, the positive beta coefficients of audit size (0.161) and insider shareholding (0.00384) apply that engaging larger audit firms may contribute to better CSR practices. This suggests that organizations carefully choose their auditing partners, as reputable audit firms may provide valuable insights and assurance in CSR reporting, potentially enhancing their reputation and commitment to responsible business practices. Moreover, insiders may have a slight inclination towards CSR activities to improve the company's image or align with their values. Companies might consider involving insiders more actively in CSR initiatives or communication. The empirical evidence of (Al-Qadasi, 2024; Rudiatun & Anggorowati, 2024) and stakeholder theory for audit size, while of (Farooq & Noor, 2023; Irfan et al., 2024), and agency theory for insider shareholding contend the current study results and acceptance of developed hypotheses.

The model is statistically significant as Prob > chi2 = 0.0000 less than 0.05 while Wald chi2(11) = 72.27.

4.3 Summary of Results

Table 6: Results Summary

Explanatory variable	Sign (Decision)
Board size	-ve (Supported)
CEO duality	-ve (Supported)
Institutional shareholding	-ve (Supported)
Board independence	+ve (supported)
Audit size	+ve (Supported)
Insider shareholding	+ve (Supported)

Source: Authors' Estimation

5. Conclusion

The current study examines the direct effect of the CG determinants, namely, CEO duality, audit committee size, insider shareholders, institutional shareholders, board independence and board size on the CSR disclosure by the PSX listed family firms that are involved in CSR activities between 2013 and 2022, using annual reports as the primary data collection source. The current study examined CSR disclosure by taking a firm's natural Log of CSR expenses incurred like community development, donations, community welfare, society welfare, social improvements, charity, education, and environmental management in a given year. The heteroskedastic issue is absent in the CG-CSR econometric model, but serial autocorrelation exists; therefore, FGLS regression was run.

In assessing the CG-CSR causal relationship, the result indicates that the size of the board of directors seems to exert a negative influence, indicating that as the board size increases, CSR initiatives may diminish. Conversely, board independence positively correlates with CSR, meaning that companies with more independent directors are more likely to engage in socially responsible activities, a trend supported by empirical data. Furthermore, CEO duality and institutional shareholding have negative impact on CSR efforts, as supported by research, indicating that companies with higher institutional ownership and giving dual managerial position to an individual tend to prioritize CSR less. On the other hand, audit size exhibits a positive association with CSR suggesting that larger audit firms may help companies improve their CSR performance while, insider shareholding and CSR are positively related meaning that when insiders have a significant stake in a company tends to enhance their CSR efforts.

5.1 Implications

The study reveals a negative board size and CSR disclosure relationship, indicating that companies may need to consider more streamlined and efficient board compositions to ensure effective CSR initiatives, while the board independence positive impact underscores the importance of having substantial independent directors to ensure the value of diversity and impartial decision-making in shaping CSR policies. The negative impact of CEO duality suggests that keeping these responsibilities distinct can improve CSR and CG while the positive effect of large audit size implies that when audit committee is better suited to guarantee CSR compliance and transparency, corporations may stand to gain from collaborating with them. Lastly, the study's identification of a positive link between insider shareholding and CSR emphasizes the value of involving insiders in CSR initiatives, as their investment in CSR efforts can significantly impact a firm's social responsibility endeavors.

These implications also extend to policymakers, who can use these findings to formulate regulations and guidelines that encourage effective CG practices, fostering CSR to encourage top-level management and shareholders (insider and institutional) to disclose their CSR practices to the concerned stakeholders. Additionally, investors can utilize this information to make more informed investment decisions, considering firm's CG practices and their impact on CSR disclosure when constructing investment portfolios.

5.2 Limitations and Recommendations

Several limitations should be acknowledged when conducting a study on family firms in Pakistan. Given the unique cultural, economic, and regulatory context, the generalizability of findings from international studies to the distinct Pakistani business landscape is a primary concern. The current study employs the natural logarithm of CSR expenses as a CSR disclosure measuring proxy, widely regarded as an effective means to operationalize the target variable in the existing literature. Nevertheless, alternative measures such as CSR disclosure indices and ESG scores also offer valuable avenues for exploration in future research. While this study encompasses family firms without distinguishing between those managed by ancestors and descendants, future researchers could consider this distinction to undertake a comparative analysis of the study model. Moreover, researchers are encouraged to explore alternative proxies for CG, including factors like gender diversity, foreign ownership, and the identity of the top 20 shareholders in diverse international contexts and conduct comparative analyses to resolve the limitation of generalizability. Furthermore, the researchers should explore the underling factors and challenges associated with CG implementation for enhancing CSR practices within the firms. In this regard, the qualitative methodology based on interviews as a primary data collection is recommended to adopt.

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