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The Impact of Corporate Governance Quality on Social Sustainability: Exploring the Moderating Effect of Profitability

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Thesis Approval

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Declaration

I declare that this thesis was composed by myself and that the work contained herein is my own, except where it states otherwise by references or acknowledgment, the work presented is entirely my own.

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Abstract

Companies with deficient governance frequently experience poor financial performance, which decreases their interest in environmental sustainability activities and makes them less likely to participate in such initiatives. Information gathered from 2018–2022, all from publicly traded financial companies' annual reports. The relationship between corporate governance quality and social sustainability within firms listed on the Palestine Exchange is empirically examined in this study, which employs agency theory and resource dependency theory as theoretical frameworks. The research highlights the significant role of corporate governance in fostering social sustainability practices. Using panel data, the analysis tests hypotheses using the Ordinary Least Squares (OLS) regression model. This study lends credence to agency theory by showing that good corporate governance is associated with social sustainability. Companies with strong corporate governance seem to have a positive impact on a wider variety of stakeholders, including workers, communities, and the environment, as well as improved financial performance and social sustainability initiatives. Firms with robust governance systems and higher profitability are associated with more sustainable social practices, according to the study, which also highlights the moderating impact of profitability.

The significance of efficient governance systems in advancing sustainable development objectives is highlighted by these results, which offer important insights for scholars, practitioners, and politicians focused on the correlation between corporate governance (CG) and sustainability. Businesses and organizational policymakers, It will instruct them on improving governance and increasing its contribution to social sustainability and in assisting decision-makers in developing

systems and incentives that promote and implement social sustainability practices within companies.

Keywords: Social Sustainability, Corporate Governance Quality, Profitability, Resource Dependency Theory, Agency Theory and Palestine Exchange

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Chapter One

1.1 Introduction

Sustainable growth is a highly significant concern for society and has become a growing research focus (Achim et al., 2022). While there has been considerable growth in literature and empirical research on sustainability reporting in recent decades, there is still a lot of complexity in the connection between social sustainability and corporate governance. This needs to be clarified because there has been minimal progress in achieving sustainable outcomes. Prior research has confirmed that the corporate governance mechanisms, encompassing the framework of regulations, customs, and procedures that guide a company's direction and oversight, significantly influence the quality of sustainability reporting (Tricia & Hadrian, 2020).

The literature provides ample evidence that sound governance practices contribute to proper firm management, enhanced competitiveness, increased investment attraction, decreased debt costs, and improved overall performance. These policies encourage long-term economic growth while simultaneously safeguarding investors' rights and restoring faith in financial markets. On top of that, many different groups see good leadership as crucial (Mansour et al, 2022).

One of the main goals of businesses is to generate earnings and accumulate long-term wealth for their shareholders. Businesses have additional secondary objectives, such as offering goods and services, generating employment, and maximising profits for stakeholders, including staff, clients, and the wider community. However, this does not imply that businesses are allowed to employ any means necessary to achieve

the highest possible profits. Effective managers must pay attention to the fundamental basis for their behaviour regarding the individuals, including ourselves, who make crucial decisions, whether ethical or not. Managers must prioritise the ethical dimensions and social effects of decision-making within organisations (Abuznaid, 2018).

The Board of Director (BOD) is a vital that monitors and controls organisational management (Saleh et al., 2021). Its primary purpose is to protect the interests of stakeholders. The board oversees the company's strategic plans and ensures management actively works towards achieving the organisation's goals. In 2009, the Palestinian CG Code enhanced the duties and responsibilities of the BOD in establishing good governance and ensuring members contribute to achieving firm goals, resulting in improved performance. Although Palestine's research and development (R&D) sector faces notable difficulties, it also holds potential for development, particularly in social sustainability. Given the current circumstances, providing training for individuals to engage in R&D activities in these fields and educating all sectors of society about a fundamental change in how they think of social sustainability is essential (Qumsiyeh, 2016).

Previous studies have shown that poor governance leads to poor performance of companies listed on the Palestinian Exchange. As Saleh et al. (2020) indicated, a lack of workshops and conferences leads to low corporate awareness of CG law and instructions. As Palestine’s CG National Committee (2009) pointed out, the purpose of CG is to enhance the performance of the BOD and increase a company's competitive ability. Another objective is to improve a company’s worth and trust among all stakeholders. Thus, good governance is essential in enhancing the investment climate and revitalising and expanding the financial market. It also

enhances the competitive capacity of the economy by instilling confidence and competence in company personnel to address potential risks effectively.

While the importance of governance on corporate performance remains pivotal, Palestine persists in grappling with deficient CG (Saleh et al., 2020). This deficiency is the product of various factors, one being the antiquated nature of current legislation that must align with Palestine's contemporary realities. Moreover, unlike other countries, most Palestinian CG Code (2009) rules are voluntary. The voluntary nature makes the application of CG weak. This weakness in applying CG directly leads to low performance in companies (Fernando et al., 2020).

Several studies have demonstrated that effective CG is anticipated to have a positive effect on sustainability performance and disclosure. However, the results concerning the relationship between CG and social sustainability are often unclear, and the research empirically investigating the influence of CG factors on the various aspects reporting of social sustainability is often limited (Mahmood et al., 2018). (Baron & Kenny 1986) proposed that including a moderator variable could enhance understanding of the association between dependent and independent variables to resolve this issue. Therefore, this study uses profitability as a moderating variable to enhance the understanding of the connection between the variables.

1.2 Research Problem

Companies must engage in social responsibility for survival and sustainability in the modern global competitive market. Companies strive for active participation in socially beneficial initiatives, which confers a competitive edge to the business in pursuing such objectives (Desiderio et al., 2022). A debate exists among researchers about the impacts of engagement in social activities on long-term profitability. One

perspective believes that adopting a social activities approach enables companies to generate higher long-term profits (Mukhuty et al., 2022). An opposing viewpoint argues that the social activities initiatives divert attention from the primary economic function of companies (Grybauskas et al., 2022).

The primary enduring rationale for firms to maintain their attention on sustainability matters is attaining profitability. An essential element for establishing a viable and enduring company model is the capacity to generate sufficient revenue to meet or exceed operational expenses (Lu et al., 2022). The Slack resources theory posits the existence of a trade-off between financial performance and sustainability. It indicates that prosperous organisations possess additional resources that can be allocated towards investments in sustainability (Waddock & Graves, 1997).

Most research indicates a direct correlation between profitability and CG. For example, Almashhadani and Almashhadani (2022) reviewed articles examining the role of CG on performance. Most articles focused explicitly on internal procedures such as the composition of the BOD, their independence, and the presence of institutional investors. They found that the results were often mixed regarding board size and the existence of outside directors.

The economic definition of firm value encompasses only one part of corporate sustainability while disregarding all other sources. In modern corporate contexts, stakeholders are increasingly inclined towards social sustainability (Kocmanová et al., 2016). Grybauskas et al. (2022) revealed that social sustainability has a crucial function in establishing and maintaining the trust of stakeholders and corporate finances and enables the company to address ethical commitments. Some firms lack disclosure of social sustainability activities (Ponnle et al., 2022). This deficiency is true, especially in Palestine, where companies engage in weak disclosure of social

sustainability. Despite the difficult economic and political situation, companies should engage more in social responsibility.

Previous research revealed a straight and positive relationship between CG finesse and environmental sustainability. On the one hand, companies with powerful CG are frequently efficient, strengthening their profitability and encouraging them to engage in environmental sustainability initiatives, such as reducing emissions and investing in renewable energy projects. On the other hand, companies with deficient governance frequently experience poor financial performance, which decreases their interest in environmental sustainability activities and makes them less likely to participate in such initiatives.

CG can play a significant role in optimize the disclosure of social activities. Chandrakant and Rajesh (2023) claimed that transparency is encouraged by strong CG standards, which oblige businesses to report on their social and environmental effects. This openness guarantees that companies act responsibly toward society and helps hold them responsible for their actions. Moreover, a company's risk of social and environmental scandals can be decreased using good CG measures (Fernandese et al., 2023). Therefore, good governance is expected to increase companies' disclosure of social sustainability activities, specifically long-term value creation.

On the other hand, there are research studies that have found a negative relationship between corporate governance and sustainability such as (Perrini, Tencati, & Pogutz, (2011) (Harjoto & Jo, 2012) (Ortiz-de-Mandojana & Bansal, 2016) (Brammer & Pavelin, 2008) (Surroca & Tribo,, 2008) . These studies have found that strict governance focused on short-term financial performance can reduce investments in sustainable practices. Governance structures emphasizing shareholder primacy may also negatively affect corporate social responsibility (CSR) efforts, as firms prioritize

maximizing shareholder value over sustainability activities.

Furthermore, governance mechanisms designed to reduce managerial discretion can undermine a firm's ability to engage in sustainable practices, which require long-term investment and strategic flexibility. Ownership structures with high insider ownership and concentrated ownership are less likely to engage in environmental and social sustainability initiatives, as they prioritize cost reduction and profitability.

Additionally, mechanisms aimed at increasing transparency and accountability may inadvertently lead to reduced sustainability performance due to the resources and attention diverted to comply with stringent governance requirements. Overall, the relationship between corporate governance and sustainability is complex and context-dependent, with specific governance structures potentially having negative impacts on sustainability efforts.

Finally, the results of previous studies have shown that the correlation between governance and sustainability is mixed. Baron and (Kenny 1986) proposed that an appropriate moderating factor could be presented to enhance the understanding of the correlation between independent and dependent variables in this instance.

Following this reasoning, this study investigates ROA as a moderating variable for several reasons. First, there are two perspectives on social sustainability, leading to mixed and inconclusive results. Therefore, it is necessary to use ROA as a moderator variable, which could solve the inconsistent results. Second, the ROA as a moderator variable could be important in the correlation between CG quality and social sustainability because companies with good governance achieve higher profits than others. Thus, the company's interest in social sustainability will increase (Hamad & Cek, 2023).

1.3 Research Questions

The existing studies pursue to answer the following two questions:

1. What is the relationship between CG quality and the social sustainability of corporations listed on the Palestine Exchange (PEX)?
2. What is the moderating role of profitability on the relationship between CG quality and the social sustainability of corporations listed on the PEX?

1.4 Research Objectives

The research objectives are to:

1. Investigate the impact of CG quality on the social sustainability of the companies listed on the PEX;
2. Examine the moderating role of ROA on the relationship between CG quality and social sustainability of companies listed on PEX.

1.5 Research Significance and Justifications

1.5.1 Practical Contributions

The research will have practical implications for businesses and organisational policymakers. It will instruct them on improving governance and increasing its contribution to social sustainability. This study is crucial in assisting decision-makers in developing systems and incentives that promote and implement social sustainability practices within companies.

1.5.2 Theoretical Contributions

Palestine's political, economic, and cultural environment makes it an perfect place to study the connection between CG and social sustainability. By illuminating how CG practices impact social responsibility in a developing economy characterised by intricate opportunities and challenges, this study can add to the existing literature by investigating the role of Return on Assets (ROA) as a moderator variable in the nexus among social sustainability and CG quality. The underlying mechanisms by which ROA influences the relationship between CG and (SS) social sustainability can be explored in this study. It can investigate whether ROA lessens the detrimental effects of poor CG on social sustainability or strengthens the capacity of businesses with sound CG to engage in socially conscious activities. This contributes to the literature as the environmental in Palestine has a unique political and economic situation that is different from other countries.

1.6 Study Hypothesis

The current study will evaluate the following two hypothesis:

H01: CG quality positively affect the social sustainability of companies listed on the PEX.

H02: The moderating role of profitability moderate the relationship between CG quality and Social Sustainability (SS).

1.7 Operational Definition

Corporate Governance: (Alkhalidi, 2023) Corporate governance helps firms reduce agency costs by defining the roles and responsibilities of each Board of Directors.

The BOD is responsible for monitoring managers in order to improve performance and ensure they prioritize the firm over their own interests.

Social Sustainability: Corporate sustainability typically focuses on economic, environmental, and social pillars (Wilson, 2003). The environmental pillar prioritizes preserving natural capital, while the social pillar aims at promoting equality and meeting basic human needs for current and future generations. The economic component includes long-term value creating.

Typically, sustainable development is defined by the Brundtland-report by World Commission on Environment and Development. According to Brundtland (1987: 41), sustainable development addresses current needs without compromising the future generations' ability to meet their own needs. This perspective emphasizes meeting short-term needs while conserving resources for future needs (Aras and Crowther, 2008; Bansal and DesJardine, 2015).

Agency theory: Agency theory was first introduced by Michael Jensen and William Meckling in their seminal paper, "Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure," published in 1976. This framework has since become a fundamental aspect of corporate governance and managerial economics.

Resource Dependency Theory： Resource dependency theory (RDT) examines how organizations obtain knowledge, raw materials, and capital from their external environment and how these resources affect their behavior.

Profitability: Profitability is the measure of the relationship between profits and capital. The ratio measure is employed to normalize profits, thereby eliminating the influence of firms' size.

1.8 Conclusion

Chapter One presented the importance of social sustainability, how (BOD) can improve and influence decision-made, and the relationship between social sustainability and CG. Chapter Two presents a literature review of previous studies and their results.

Chapter Two

Literature Review

2.1 Palestine Overview

This section discusses the Palestinian economy and capital market, focusing on the Palestine Exchange (PEX) and its regional role. It also explores the relationship between CG practices and social sustainability within Palestinian companies.

2.1.1 Palestine Economy

Palestinian companies lack a comprehensive and integrated understanding of social responsibility, exacerbated by the absence of laws and regulations that would promote this concept. Nevertheless, there are indications that certain companies perceive themselves as practising social responsibility through the implementation of various programs and assistance. Furthermore, it is crucial to ascertain whether Palestine, a recently established nation, adheres to the same criteria and structures as other countries. In addition to these factors, Palestine faces several distinct challenges. It endures a continuous state of occupation and is embroiled in an ongoing conflict. Furthermore, the inadequacies of its weak and unorganised government hinder its legal system (Barakat et al., 2015).

2.1.2 Overview of the Capital Market in Palestine and the PEX

The administration structure responsible for overseeing financial regulations in Palestine is under the authority of two government entities: The Palestinian Monetary Authority (PMA) and the Palestinian Capital Market Authority (PCMA). The PCMA is the sole authority responsible for examining the Palestinian Stock Exchange's (PSE) trading activities and overseeing the management of registered organisations

and business corporations that are members of the PSE. The PCMA's code covers five essential elements: general advisory meetings, shareholders' rights, CG, assessment, and reporting and transparency.

Hassan et al. (2016) explained that an essential component of the Palestinian Capital Market Authority (PCMA) code is that the board of directors of public shareholding companies must comprise a minimum of five and a maximum of eleven members. Furthermore, the code requires that board directors possess independence, and the board chairperson must be distinct from the organisation's legal activities. The code also requires that shareholders choose external auditors within their yearly assembly, following recommendations from the board of directors and the review committee, and approve their fees. External auditors must maintain integrity in their client dealings and possess the requisite professional knowledge and skills to fulfil their obligations.

With the founding of the PSE in 1997, public shareholdings were made available, making long-term financing possible. Among the many industries represented by the 48 firms trading on the PSE at the moment are services, insurance, industry, and investment. The legal and regulatory reporting obligations for publicly listed companies on the Palestine Exchange (PEX) are outlined in two sources: Securities Law No. (12) of 2004 and Capital Market Authority Law No. (13) of 2004. As per the Capital Market Authority Law 13 (2004), a publicly listed company must create and release an annual report a variety of financial statements, including a balance sheet, income statement, and statement of cash flows, should be included in this report. Statistical comparisons and supplementary notes should round out the report. The preparation of these statements and their auditing by an impartial, competent auditor are both required by the International Financial Reporting Standards (IFRS).

Nevertheless, the Companies Act does not specify any requirement for companies to disclose social sustainability information in their annual reports or the explanatory notes accompanying the financial statements. [PEX, 2018]

2.1.3 Corporate Governance in Palestine

The Palestinian CG Code was officially published in 2009. The development of this system was based on the principles of Corporate Governance (CG) that the OECD established. Specifically, CG encompasses a set of rules and regulations that govern the mechanisms and procedures within companies. Moreover, it addresses key aspects such as the general assembly meeting, shareholder rights, company management, auditing, disclosure, transparency, and the interests of other stakeholders.

According to the Code of CG in Palestine, a company listed on the stock exchange must include specific Corporate Social sustainability (CS) information in its annually report.

The requirement is that disclosures encompass the company's social responsibility policies and safety regulations. These policies should be prominent and achievable in the long term, and they should also align with the regulations and laws of Palestine.

The CG Code in Palestine encompasses three distinct regulation categories:

1. Category one comprises rules derived from explicit legislative texts. In this context, the companies are required to use this application and failure to do so may result in social sustainability consequences. The rules of the Code have been drafted using explicit language, utilizing words like "must," "may not entitle to," "committed," and "prohibited."

2. Category two comprises regulations that adhere to established international standards in CG. These regulations do not contradict any explicit legislative provisions or, at the very least, any permissible interpretations of legislative provisions. The companies have the option to participate in the application, as indicated by the terms "Compliance and Non-compliance." This code was written using appropriate guidance and technical terminology, such as preferred, recommended, and optional.
3. Category three contains rules that conform to international CG standards but differ from the literal legislative texts. In this instance, a direct recommendation has been made, urging the need to modify the current

2.2 Underpinning and Supporting Theories.

This section presents the theories employed in this study: agency theory and resource dependency theory, two prominent theories in CG.

2.2.1 Agency Theory

Agency and stakeholder theories emphasise the significance of CG (CG) as a best practice. In 1932, Berle and Means demonstrated that contemporary firms possess an ownership structure characterised by a significant degree of diffusion. They argued that those who legally own companies were separated from their control. More than four decades later, Jensen and Meckling (1976) posited the agency theory. They said that modern corporate ownership was a contractual arrangement where one or more individuals (referred to as the principal(s)) engage another individual (known as the agent) to perform a service on their behalf. This arrangement entails granting the agent a certain level of decision-making authority.

Since the ground-breaking study of Berle and Means in 1932, scholars have focused on principal-agent issues arising from firms' fragmented ownership and internal mechanisms known as CG to enhance a company's performance. Conflicts of interest between insiders and outsiders due to the separation of ownership and control require CG (Jensen & Meckling, 1976). An essential issue in the governance of companies and corporate finance is developing a robust internal monitoring and control system that ensures management acts in the best interest of all shareholders.

According to agency theory, a principal-agent dynamic characterises a corporation, wherein shareholders (acting as principals) entrust managers (acting as agents) with the authority to act on their behalf. Establishing effective CG is necessary to harmonise the interests of all relevant parties and guarantee that managers make decisions prioritising shareholders' welfare. In environmental sustainability, it may be inferred that robust CG has the potential to incentivise managers to give precedence to efforts aimed at promoting sustainability. Incorporating environmental considerations into company strategy can be facilitated by implementing robust CG structures, including a proficient board of directors and transparent reporting practices (Jensen & Meckling, 1976).

Agency theory posits that managers or agents possess more information than the owners (principals) because they have greater control over the company's operations. This control makes it challenging for the owners to supervise the agents effectively (Jensen & Meckling, 1976). Agents possess greater knowledge regarding economic resources and may prioritise their interests in maximising wealth rather than the interests of the principals. CG mechanisms are commonly implemented in organisations to manage conflicts that may arise between agents and principals due to

a split between ownership and management, which can impact agents' decision-making. Strong mechanisms for CG are thought to reduce managerial opportunism.

Consistent with agency theory, implementing effective governance systems impacts the performance of organisations substantially, as it reduces agency costs and improves the alignment of interests between managers and shareholders. The primary reason for this alignment is to provide valuable financial information to investors through competent CG procedures. Consequently, organisations and stakeholders have emphasised implementing robust governance practices, recognising their pivotal role in safeguarding against potential future failures.

The traditional owner-manager conflict of interest, also known as the Type I Agency Problem, has been extensively studied in both conceptual and empirical research. Nonetheless, on a global scale, the prevailing structure is concentrated rather than dispersed ownership. Concentrated ownership is prevalent in Western European countries, Latin America, South and East Asia, Africa, and the Middle East, as indicated by studies conducted by Claessens et al. (2000), Faccio and Lang (2002, and La Porta et al. (2000). Ownership and control in these locations are usually held by a collective of shareholders or individuals connected by family relationships (La Porta et al., 2000). Additionally, Alia and Barham (2020) emphasised that if both parties in the relationship are utility maximisers, it is highly likely that an agent will not consistently act in the principal's best interests. Afterwards, the principal can reduction deviations from his concerns by implementing suitable rewards for the agent and incurring monitoring expenses to restrict the agent's abnormal activities. This study utilised agency theory to explain the relationship between the BOD independence and corporate social sustainability disclosure (CS).

Companies employ various strategies in CG to mitigate agency disputes and promote the alignment of concern between shareholders and stakeholders. Resolving the agency problem facilitates the alignment of managers' and investors' interests, leading to positive impacts on the company, such as increased value and improved performance (Jensen, 1993). Agency theorists argue that the board can exert control over administration, and their supervision can reduce expenses at the agency (Zahra & Pearce, 1989). Hence, the ability of the board to govern and make decisions, particularly regarding the firm's social sustainability information, is contingent upon characteristics (Katmon et al., 2019).

Moreover, agency theory suggests that independent directors play a crucial role in evaluating the recommendations made by executive directors and also establish an effective monitoring system within the BOD (Bertoni et al., 2014). According to the agency theory, to minimise the cost of the agency, the (BOD) must have a significant proportion of independent directors (Mobbs, 2013). The (BOD), consisting of many independent members, possesses greater objectivity and the capacity to oversee and make decisions (Fama & Jensen, 1983). Independent members bring a strategic perspective on time economic performance, the environment, and society (Johnson & Greening, 1999).

Others have examined performance, environmental concerns, and societal impacts. For example, Johnson and Greening (1999) found that pension fund equality was related to board characteristics like women and minorities. Beji et al. (2021) discovered a direct correlation between the autonomy of board members and the environmental and social performance of the company. External managers significantly impact the long-term promotion of Corporate Social sustainability

because they can recognise the potential benefits of investing in social sustainability (De Villiers et al., 2011; Embi & Shafii, 2018; Post et al., 2011).

2.2.2 Resource Dependency Theory

(RDT) can be combined with agency theory to examine the efficiently of CG mechanisms, specifically the role of the (BOD) in CG.

Resource dependency theory (RDT) examines how organisations acquire resources from their external environment, such as knowledge, raw materials, and capital, and how the availability of these resources affects organisational behaviour. Several studies have contended that a BOD with sufficient resources at its disposal will positively influence a company's performance. According to Kiel and Nicholson (2003), having a director with extensive expertise and a robust professional network is crucial for a company to acquire human and financial capital, explore new business opportunities, and cultivate political connections. Independent administrators may thus strive to enhance the affordability of resources to enhance a firm's financial performance (Galadima, 2021).

RDT posits that the board of directors can transcend limitations and acquire valuable assets from outside sources for the firm (Pfeffer, 1972). Through their influential connections, the BOD is an important mechanism for securing additional firm resources. Resource dependency theory views the board of directors as a valuable resource and an effective monitor, fulfilling a role in resource dependency, as Hillman et al. (2000) stated. However, resource dependency theory also emphasises numerous external factors that coexist with the business environment, which could lead to a lack of clarity and unexpected events (Dalton et al., 1999).

2.3 Corporate Governance

What we call "CG" is really just a set of guidelines for how a business is run. Management, the board of members, and shareholders are all involved in this. The expanding complexity of CG (CG) is fueled by the fact that it covers multiple disciplines, such as accounting, economics, law, and business. Due to the numerous financial crises that prompted the study, CG is now more important than ever in the investment landscape. Accordingly, various efforts were launched by researchers in an effort to clarify CG (Al-Matari, 2014).

Several scholars have defined CG. For example, Gillan and Starks (2000) defined CG as the framework of regulations and laws that govern firms' operations. In other words, a company is the focal point of implicit and explicit agreements. (Grossman & Hart, 1980; Hart, 1995; Hart & Moore, 1990). Andres and Vallelado (2008) defined CG as a collection of mechanisms that stakeholders utilise to ensure that managers and directors effectively use corporate resources to maximise the interests of the firms. Finally, Gunay (2008) compared the stockholder governance model, which focuses on the interests of shareholders and aims to maximise shareholder value, with the stakeholder governance model, which considers the interests of a broader group of stakeholders, such as employees, customers, suppliers, and the community (Brown et al., 2011)

According to Smith (2018) and Doe (2020), a close connection exists between CG and financial crises, with inadequate CG contributing to financial crises and strong CG acting as a preventive measure against them. Effective governance encompasses the implementation of risk management practices, the promotion of transparency, the establishment of accountability mechanisms, and the adherence to

ethical standards. These elements collectively foster investor trust and ensure the preservation of financial stability. Effective CG practices ensure adequate supervision, facilitate transparent disclosure of financial information, and comply with legal requirements, thus mitigating excessive risk-taking and market manipulation. On the other hand, inadequate governance can result in fluctuations in the market, deceptive practices, and instability in the financial system.

Love (2011) discussed various ways CG mechanisms enhance firm performance. Effective CG can reduce the occurrence of practices such as diverting funds, misappropriating assets, and engaging in transactions with related parties. Enhanced CG can result in improved efficiency in operations and more significant value creation for the company, which impacts the allocation of profits among managers, shareholders, and other stakeholders. CG significantly influences various aspects of a company's performance, including its operating performance (measured by indicators like ROA or ROE) and market value (measured by Tobin's Q). CG mechanisms can enhance operational performance by motivating managers to allocate resources towards projects that maximise value and operate efficiently. Additionally, they diminish inefficient actions, misallocation of resources, and transactions involving connected parties, all while safeguarding investors and decreasing the company's cost of capital. Enhanced outside financing options can also empower companies to pursue greater growth prospects.

Prior research has primarily focused on investigating the direct correlation between CG and company performance. The relationship between CG and firm performance has been extensively studied and has yielded inconsistent and inconclusive findings (Al-ahdal et al., 2020; Akbar et al., 2016; Agrawal & Knoeber, 1996). Recently, governance has been applied to monitor corporate activities and their

impact on society. This supplementary aspect frequently emerges in reaction to stakeholder demands.

CG has the potential to impact the performance of a company positively. However, for this impact to be advantageous, companies must comprehensively understand CG principles and how they can contribute to enhancements in their strategic approach. The principles of transparency, accountability, responsibility, and fairness are all interconnected with corporate sustainability within the firm. There is no universally agreed-upon definition for good CG. However, it should prioritise creating long-lasting value while striking a balance between the economic and social objectives of the company. It should also result in advantages such as mitigating risks, attracting new shareholders and investors, and increasing equity (Aras & Crowther, 2008).

While good CG alone is insufficient to guarantee improved sustainability efforts, it can develop an improved understanding of sustainability and establish a solid foundation for effectively addressing associated matters. Both CG and sustainability are essential for the continuous functioning of businesses. (Aras & Crowther, 2008.) CG primarily concerns the selection of the stakeholders whose interests the company should prioritise and the strategies to accomplish those objectives. Companies must consider business ethics in crucial areas such as human rights, bribery, corruption, and climate change, as these are all fundamental components of CG (Elkington, 2006).

The CG Index (CGI) is a crucial metric used to assess the effectiveness of governance practices in companies. The CGI is specifically formulated to evaluate the quality and resiliency of a corporation's governance mechanisms, encompassing elements such as board composition, ownership arrangement, and level of

transparency. It has three components: disclosure and transparency, board effectiveness and composition, and shareholders' rights (Mansour et al. (2022). The most-cited studies' particular mechanisms of CG quality were included in the CGI. The 2004 OECD guidelines served as the foundation for this CGI's development, which was based on best practices. Particular CG attributes representing businesses, standards, and data availability are utilized by the index. The CGI's attributes were all measured using binary scales, where each value could only be one or zero. Attributes are considered present when their values are one and absent when their values are zero. Refer to Table 1 in Chapter 3.

2.4 Corporate Social Responsibility

Since its inception, corporate social responsibility (CSR) has been closely linked with trade and business. Bowen introduced the concept of corporate social responsibility (CSR) in 1953. Bowen's definition of CSR entails the obligation to implement appropriate policies, make informed choices, and pursue programs of action that align with our society's objectives and principles. Similarly, Friedman (1962) also emphasised that the CSR concept has been a subject of discussion since the beginning of commercial activities in the 19th century.

Carroll (1979) introduced a CSR model comprising four dimensions, gaining widespread acceptance. This model encompasses four key dimensions: financial, ethical, legal, and discretionary. According to Carroll's dimensions model, economics refers to a business entity's overall well-being and financial stability. This entity primarily aims to meet society's economic requirements and generate additional profits to reward investors and facilitate future growth and diversification. Legal accountability is the second component, encompassing the expectations of complying

with legal regulations and following established rules. Ethical responsibilities are societal expectations of businesses to adhere to certain norms, such as refraining from hoarding and other unethical practices. The last category of responsibility is characterised by firms having the broadest range of personal judgment and choice.

Sharma and Khanna (2014) explored the correlation between (CG) and corporate social responsibility (CSR). The study analysed empirical data, revealing a favourable association between CG and CSR with the firm's market value. They posited that numerous business scandals surfaced from 2001-2004, indicating deficiencies in CG. Corporate social responsibility (CSR) issues were accountable for the shortcomings observed in the financial sector. Accounting techniques and strategies of offshore entities were oriented explicitly towards engaging in fraudulent activities against capital suppliers and stakeholders. The labour issue led to an illicit income redistribution between managerial personnel and proprietors. This redistribution could be perceived as a corporate social responsibility (CSR) concern.

When examining the corelation between Corporate Social Responsibility (CSR) and (CG), it is evident that these two concepts are highly complementary. Sharma and Khanna (2014) indicated that firms did not prioritise socially responsible acts when faced with profit-decreasing choices. Additionally, the implementation of sound CG practices would contribute to the long-term survival of these firms. The corporate aims to safeguard the interests of its stakeholders.

2.5 Social Sustainability

Sustainability is primarily concerned with humanity, but there is a lack of emphasis on definition of the significance of social infrastructure within the built

environment (Dempsey et al., (2009)). Insufficient theoretical and empirical research has been conducted on SS. According to Eizenberg and Jabareen (2017), "social" was not included in discussions on sustainable development until later. They concur that the absence of socially oriented practices will hinder the attainment of sustainability, as there are numerous deficiencies in practical implementation and theoretical understanding. Eizenberg & Jabareen (2017) presented a comprehensive conceptual framework for SS. This framework comprises interconnected concepts of socially oriented procedures, each serving a distinct function and encompassing significant social aspects.

According to Colantonio (2010), SS is a condition and a process that enhances a community's overall quality of life. Some authors link SS with the equitable distribution of quality of life today and in the future. (Valdés-Vásquez et al, 2014). Stren & Polese (2000) described SS as promoting civil society harmony through development. This development should foster social integration and improve quality of life for all by allowing culturally and socially different communities to coexist peacefully.

According to Boström (2012), SS encompasses substantive and procedural elements. Substantive refers to the essential elements necessary for attaining SS, while procedural aspects pertain to the methods and processes used to achieve it. According to him, there is a convergence of aspects, making it challenging to differentiate between substantive and procedural aspects, as they often mutually support each other.

Glaviˇ and Lukman (2007) defined social responsibility as a societal principle that combines social and environmental business performance. They said it would

help people and the planet in the long run by encouraging growth that is safe, considerate, liberal, equitable, and egalitarian.

The standard narrative of SS across the literature includes the development of the civil sector, encouraging an environment that supports human well-being and social commitment. It includes emotional, social, and physical needs, health, and the interpretative perception of happiness. Thus, SS describes the design of social world infrastructure, which creates cultural, social, and physical places that support people's well-being and a sense of community (Ngan et al., 2022).

Kerr (2007) discussed two misconceptions concerning the impacts of corporations' social decisions. They are that 1) decisions with a social impact are in of yielding favourable financial outcomes, and 2) there is a lack of quantitative methodologies to assess the financial implications of such decisions. They argued that the development of advanced computer models in recent years has led to the emergence of novel approaches for assessing the financial consequences of social business decisions. Consequently, they demonstrated that social and financial rewards can indeed coexist. Moreover, when quantifying social impact is possible concerning shareholder profit, boards must duly evaluate this information to fulfil their obligation to be informed, as mandated by the duty of care.

Historically, economic growth has been the primary measure of development. However, Redclift (1987) argued that relying solely on this metric negatively impacts the environment. Hourneaux et al. (2018) observed that business performance was historically evaluated from an economic standpoint. The triple bottom line (TBL) approach expanded upon this model by incorporating environmental and social considerations, thus approaching business performance from a sustainability

standpoint. Elkington (1994) is credited with coining the term "triple bottom line" and employing it as a sustainability framework to assess a company's environmental, social, and economic influence. The TBL encompasses three distinct bottom lines: financial performance, social responsibility, and environmental responsibility (Zaharia, 2021).

Hussain et al. (2018) investigated the association between good CG and triple-bottom-line sustainability performance, incorporating agency theory and the theory of stakeholder involvement. The study's findings suggest that implementing particular governance measures positively impacted the overall performance of the triple bottom line. However, the impact of these mechanisms differs across various sustainability dimensions. The results provide evidence that calls for a reassessment of theoretical frameworks, highlighting the importance of not only substantiating the influence of CG on sustainability but also elucidating the specific aspect of sustainability that is most affected. Recognising sustainability practices holds significant practical implications, particularly when bolstered by implementing targeted CG procedures. Furthermore, this study makes a valuable contribution to the current process of establishing standards, particularly in the comprehensive restructuring of the economic dimension of sustainability within the recently implemented Global Reporting Initiative (GRI) framework.

The growing emphasis on sustainable development has resulted in different methods and indices to assess various aspects of sustainability, such as economic performance, social impacts, and environmental impacts on overall sustainability performance. SS encompasses primarily qualitative aspects that exhibit substantial variation based on geographic and demographic factors, leading to diverse and adaptable assessment methodologies. In the past, the evaluation of the social aspect

focused mainly on the quality of life, employing various techniques such as indexing, decision-making analysis tools, and predictive and statistical models. Instances of this include the incorporation of subjective variables to evaluate well-being (Diener, 2006), the integration of subjective and objective indicators with Geographical Information Systems and Structural Equation Modeling (McCrea et al., 2006), and the utilisation of various indices and scales to examine the connections between quality of life and demographic, geographic, and cultural factors (Martin et al., 2010).

2.6 Disclosure and Transparency

Lowenstein (1996) refers to transparency and disclosure as a company's willingness to share information openly and honestly with stakeholders, encompassing financial data, business operations, risks, and governance practices. Proper disclosure and transparency can foster trust among investors, shareholders, and other stakeholders while mitigating fraud and mismanagement risks. Hence, effective disclosure and transparency can result in enhanced financial performance and reduced capital costs as investors gain greater confidence in the company's operations.

Lowenstein (1996) examined the relationship between financial transparency and CG. He contended that transparency is indispensable for efficient CG, enabling more accurate assessment and control of a company's performance. Companies can enhance accountability, mitigate the risks of mismanagement, and better align their operations with stakeholders' interests by advocating transparency.

Ong and Djajadikerta’s (2020) study also evaluated CG's effect on sustainability reporting by examining the sustainability reporting practices of Australian resource companies. The study showed significant positive associations between sustainability disclosures and the characteristics of firm board composition

that facilitate enhanced CG mechanisms. These features encompass the ratio of independent directors, numerous directorships, and the representation of female directors on the board. The findings confirm a strong correlation between CG and sustainability reporting. Furthermore, Achim et al. (2022) emphasised the positive relationship between CG and ES. The researchers discovered that the effect of quality (CG) on sustainable development is greater and more significant in less-earning nations than in significant revenue countries.

2.7 Quality of Governance:

2.7.1 Chief Executive Officer (CEO):

2.7.1.1 The Role of the CEO:

Ludwig and Sassen (2022) found that the impacts of CEOs on corporate sustainability have received limited attention in existing research, with a predominant focus on examining incentive structures.

2.7.1.2 CEO Duality

Extant literature suggests that the division of CEO and board chair roles yields favourable outcomes in terms of environmental and social practices. This outcome can be attributed to the board chair's potential influence in facilitating the CEO's comprehension of novel concepts and actions about environmental concerns. CEO duality has been recognised as a significant determinant impacting the autonomy and inclusivity of corporate boards. In this context, the critical driving force behind CEOs' inclination to lead companies towards sustainable practices is the provision of incentives (Ludwig & Sassen, 2022). Natalia et al. (2016) emphasised the importance of effectively adapting CG structures to tackle environmental sustainability concerns.

Additionally, they argued that enhancing the separation between the roles of CEO and board chair can serve as an effective CG method.

2.7.2 Board of Directors

The board of directors, also known as the ―board capital,‖ is crucial in effectively managing uncertainty and improving survival chances. Companies aiming for success in highly competitive sectors must effectively navigate and overcome elements of uncertainty. John and Senbet (1998) emphasised that the board of directors is widely regarded as the central component of CG mechanisms and serves as the primary method for shareholders to demonstrate indirect control over top management.

2.7.2.1 Board Effectiveness

"Board effectiveness" is the capacity of a company's board of directors to effectively govern and supervise the organisation's operations, ensuring it functions effectively and in the best interests of shareholders and stakeholders. An effective BOD can facilitate the establishment of valuable networks between companies and their environments, aiding firms in navigating uncertainty and making efficient investment decisions. A board's performance is evaluated in various areas, including strategic decision-making, risk management, and financial oversight (Adams & Ferreira, 2009). Abdullah, 2004) noted that a board's dimensions are believed to impact the effectiveness of its monitoring.

2.7.2.2 Board Composition

Board composition comprises the mixture of expertise, experience, backgrounds, and genders its members possess. It also encompasses a mixture of executive and non-executive directors and the inclusion of independent directors. An effectively structured board is crucial for efficient governance and decision-making (Adams & Ferreira, 2009).

Dewi et al. (2022) addressed Aguilera et al.'s (2021) call for a more complete and systematic comprehension of this topic. Dewi et al. (2022) emphasised the increasing significance of integrating sustainability into company operations and its congruence with the Sustainable Development Goals (SDGs) agenda. Their observations underscored the significant impact that CG procedures, namely board composition, exert on a company's practices regarding disclosing sustainability information. Moreover, they proposed prospective avenues for future investigation in this domain to further enhance our understanding of the topic.

2.7.2.3 Board Diversity

Directors with diverse expertise and strong professional skills can establish strong connections between a firm and essential stakeholders such as the government, creditors, suppliers, and customers. Williamson (1984) provided evidence that non-executive directors with extensive experience and knowledge can effectively manage regulators and regulations. This experience helps reduce the costs of transactions between the company and regulators and will improve the board of directors' operational effectiveness.

Ludwig and Sassen (2022) searched databases for articles to answer the research question, ―which internal corporate mechanisms drive corporate

sustainability? ‖ They found 56 articles that covered a range of sustainability-related subjects, with specific emphasis on the dimensions of compensation and board size, and they found that ensuring the presence of a suitably dimensioned board with a composition characterised by more autonomy and inclusivity is of paramount importance in steering corporate commitments towards responsible practices. They found that the role of board diversity was the most discussed.

2.7.2.4 Board Size

The studies of board size and board effectiveness have had mixed results. However, the study conducted by Lipton and Lorsch (1992) found that as the board size increases, the effectiveness of management monitoring decreases. According to their statement, the optimal board size should comprise eight to nine members. They believed the additional benefits of increased monitoring by these extra members would outweigh the costs associated with slower decision-making and expended efforts. This rationale aligns with Jensen's (1993) argument that the board of directors' effectiveness diminishes when the number of members exceeds seven or eight. Similarly, Jensen (1993) also demonstrated that larger boards were less effective than smaller ones, and discussion among board members may lack significance. Expanding the board size leads to challenges in effectively coordinating and addressing issues.

2.7.2.5 Shareholders' Rights

The most-cited studies' specific mechanisms of quality of CG were included in the CGI. The 2004 OECD guidelines served as the foundation for this CGI's development, which was based on best practices. Particular CG attributes representing businesses, standards, and data availability are utilized by the index. The CGI's

attributes were all measured using binary scales, where each value could only be one or zero. Attributes are considered present when their values are one and absent when their values are zero. These rights include the power to participate in crucial company decisions, such as voting for board members and approving significant corporate transactions. Shareholders are entitled to receive dividends and obtain company performance information.

2.8 Social Sustainability

Several studies have examined the relationship between (CG) and SS. For instance, Huynh (2019) and Nwude and Nwude 92021) confirmed that implementing strong CG practices enhances awareness of SS, allowing companies to gain the trust of stakeholders and attain optimal performance. Croci et al. (2020) asserted that the attributes of the Board of Directors (BOD) are pivotal in determining the scope and efficacy of CG. Also, SS initiatives should help a company improve its reputation and relationships with relevant stakeholders. These initiatives should be grounded in integrity and mutual benefit with external parties. The company should disclose all necessary materials completely (Code of Corporate Governance, 2009). In recent years, corporate governance (CG) has become more significant in safeguarding the interests of all relevant stakeholders and promoting a company's economic effectiveness and long-term viability (Alia & Mardawi, 2021).

2.9 Control variables

Several studies (Mishra & Mohanty, 2014; Gurusamy, 2017)) have utilised control variables such as leverage, firm size, and firm age. These variables were chosen as control variables in addition to the Big Four audit. These variables are included in determining if any other factors may influence financial performance**.**

2.9.1 Firm Size

Several studies have investigated the correlation between company size and profitability since the turn of the last century. The results of these studies were mixed. Some studies found a positive correlation (Hall & Weiss, 1967; Majumdar, 1997; Doğan, 2013) and some found a negative correlation (Banchuenvijit & Phuong, 2012), and some did not find any correlation at all (Whittington, 1980). According to Porter (1985), "stuck in the middle theory," medium-sized businesses are less competitive and hence " while small and large firms outperform them due to their ability to capture niche markets more effectively. In support of this idea, Amato and Amato (2004) found a nonlinear correlation between company size and profitability and advocated for additional research into corporate economies of scale specifics.

2.9.2 Firm Age

A company's age is "the number of years of incorporation of the firm" (Ilaboya & Ohiokha, 2016). Since listing is more economically viable and a firm's life begins at the moment of listing, some have argued that it should be used to define firm age (Shumway, 2001). Others have countered that a company does not exist until it is incorporated as a separate legal entity (Götzmann, 2008). According to Wang (2011), a firm's age is the total number of years that have passed between the date of establishment and the investigation; alternatively, it can be referred to as the enterprise's life if the investigation ends at that point. In keeping with Ilaboya and Ohiokha (2016), this study defines the age of a firm by looking at how long it has been in operation since its incorporation.

The relationship between a company's age and profitability has been the subject of many studies with inconsistent results. According to Guo and Zhang's

(2007) findings, older companies have a stronger capital structure, more social resources, and more experience. As a result, they can invest more in SS, which boosts their value and competitiveness.

2.9.3 Leverage

Leverage is the use of borrowed funds or debt in a company's financial structure to fund its operations and investments. It measures the level at which a company depends on borrowing money compared to using its capital. Companies with high leverage contain a greater percentage of debt in their financial framework.

The correlation between leverage and SS can be complex. On the one hand, a company with a high level of leverage may encounter heightened financial risk due to its dependence on debt, which could hinder its capacity to invest in SS initiatives. High debt levels can create stress for a company, causing it to prioritise short-term financial performance and potentially ignore its long-term SS objectives.

Additionally, leverage can allow a company to acquire extra capital to invest in SS initiatives. For example, companies may utilise borrowed capital to fund initiatives that provide advantages to their employees, communities, and other parties interested in the company. Nevertheless, companies must achieve a harmonious equilibrium between utilising debt to invest in SS and preserving financial stability to sustain these initiatives in the long run.

2.9.4 External Audit Quality

According to Bronson et al. (2009), independence is a key characteristic that can positively impact the audit committee's ability to supervise and monitor. The need for independence arises from the necessity to address the presence of information asymmetry and conflicts of interest between managers and stakeholders, particularly

shareholders. Independent professional directors play a crucial role in reducing the costs associated with agency problems related to the financial statements prepared by managers. Baxter and Cotter (2009) assert that having independence in the audit committee is crucial for effectively influencing the financial statement preparation process. The audit committee is obligated to provide its assessment on sensitive matters such as the accuracy of the information presented in the audited financial statements, the auditors' activities, and the evaluation of the quality of earnings, where maintaining independence is essential. Consequently, stakeholders depend on financial statements and other publicly available information to make informed decisions, making the recognition of autonomy crucial. An autonomous audit committee is anticipated to significantly impact effective corporate governance, financial reporting, and auditing.

The results of studies examining the association between audit autonomy and financial reporting have been mixed. Some have found a positive relationship. For example, Zgarni et al. (2016) found that having autonomy in the audit committee leads to greater engagement in ensuring the accuracy and dependability of financial reports. Safari (2017) discovered that the independence of AC directors is often associated with lower levels of earnings management and higher earnings quality. Raimo et al. (2021) presented evidence that the autonomy of the audit committee leads to an improvement in the quality of integrated reports. Al-Shaer and Zaman (2018) demonstrated that the autonomy of the AC was linked to engaging a Big Four audit firm for sustainability assurance purposes. Buallay and Al-Ajmi (2020) revealed a positive relationship between AC independence and the disclosure of SS. However, Haniffa and Cooke (2005) found that the autonomy of the audit committee adversely affected the disclosure of SS.

While most studies support the notion that board independence is linked to better performance in sustainability (Hussain et al., 2018), some research findings suggest that having independent directors on boards can have a detrimental effect on social and environmental performance (Mallin et al., 2013). In their study, Broadstock et al. (2021) emphasise the importance of auditor independence concerning environmental, social, and governance (ESG) efficiency and controls during periods of crisis. They found a positive correlation between auditor independence and ESG performance. Furthermore, Li et al. (2012) asserted that there was no substantial correlation between AC autonomy and the disclosure of non-financial information.

2.10 The Moderating Variable

Most studies on corporate governance and SS have been conducted in developed nations, with only a few focusing on developing ones. The relationship between corporate governance and SS has largely been overlooked in the Palestinian context. Consequently, the findings from studies conducted in other countries may not directly apply to the Palestinian context. Moreover, corporate governance regulations in Palestine are currently in the initial phases of implementation and development, making it essential for policymakers to prioritise incentivising public and private enterprises to adopt and adhere to effective corporate governance protocols. The complexity of Palestine's economic settings further contributes to this situation. Thus, the findings from studies conducted in other countries may not be directly transferable to the Palestinian context.

There is no clear consensus regarding the relationship between CG and SS (Alkhalidi, 2023; Asogwa et al., 2020; Alabdullah et al., 2014). Some studies established that higher-quality corporate governance representation improves the

firm’s SS. Whereas others arrive at the contrary view (Zuriqi, 2020; Almashhadani et al., 2022), and some studies failed to establish any significant relationship (Ludwig & Sassen, 2022)

Furthermore, Baron and Kenny (1986) offer a methodology for analysing interactive relationships, including the effects of moderation. According to this approach, the moderating variable can strengthen the relationship between corporate governance and SS, affecting the strength or direction of the relationship between the independent and dependent variables. For instance, the moderating variable (ROA) may have an impact that makes the relationship between the two variables stronger or weaker, or it may change the direction of the relationship entirely.

Profitability is a key metric for assessing the efficacy of business management throughout many domains, as it signifies the outcome of proficient management practices. Using quantitative and qualitative data can facilitate the measurement of a company's economic value and performance. These data serve as a database that aids management in making informed investment decisions. Businesses utilise ratios such as the profit margin, net income, (ROA), (ROE), and (EPS) as metrics to assess their operational efficiency. (Rakkarnsil & Butsalee, 2022).

However, ROA stands out as one of the most prevalent and beneficial financial indicators. As early as 1919, ROA was applied in various industries, notably by the DuPont Company, which integrated it into its ratio triangle system. Initially termed return on investment, this ratio is computed as profit divided by total assets (Horrigan, 1968).

ROA measures a business's profitability and asset utilisation efficacy. It can moderate the interaction between environmental sustainability and corporate governance. When

ROA is large, indicating efficient asset utilisation and profitability, businesses might have more substantial assets and opportunities to invest in environmentally sustainable practices without affecting their financial performance. Effective CG will likely have a more critical positive effect on sustainability initiatives in such instances. ROA represents profitability in this study and return on assets is measured by net income before tax/total assets.

2.11 Relationship between Corporate Governance and Social Sustainability

Despite the abundance of research addressing the relationship between corporate governance and corporate SS, there remains a lack of clarity Concerning the essence of this relationship and its application in various institutional contexts (Zaman et, al (2022). The study of CG and its impact on SS is highly significant in today's dynamic corporate environment, particularly in developing countries (Orazalin et al., 2024). Over the past few decades, developing countries have faced rapid economic expansion, accompanied by important changes in regulatory frameworks, market conditions, and expectations of investors. As a result, understanding the specific facts of CG mechanisms and their impact on firm performance has become increasingly important for policymakers, investors, and executives alike (Ntim & Soobaroyen, 2013). Recently, developing countries have observed a surge in corporate governance reforms aimed at improving transparency, investor protection, and accountability. These reforms have been driven by greater recognition of the significance of good governance in fostering investor assurance, attracting foreign investment, and promoting sustainable development.

Considering these legal, reform, and political developments, studying the correlation between CG and SS in developing countries provides a unique and persuasive

framework. Hence, the impact of corporate governance mechanisms on enhancing firm performance can significantly differ depending on the specific circumstances, emphasising the necessity for research tailored to specific contexts to guide policy and implementation (Jan et al., 2021). In addition, developing countries encompass a wide array of sectors, industries, and market conditions, which present abundant prospects for empirical research and comparative studies (Alatawi et al., 2023).

Bukari et al. (2024) examined the literature on developing countries' corporate governance and financial performance. Additionally, it sheds light on the crucial role of environmental, social, and governance (ESG) performance in moderating this relationship, emphasising the importance of integrating sustainability into governance frameworks. The study provided actionable results and recommendations to enhance governance practices and financial performance, supporting corporate SS practices.

In the past few years, CSR has enhanced from a voluntary or a strictly corporate charity to a regulatory and more extensive concept of sustainability about a corporation's environmental, social and financial performance in the long term. (Christensen et al., 2019; Hopkins, 2005; Kamasak et al.,2019). While there is extensive discussion about sustainability, the definition of CSR remains vague (Burke, 2015; Ebner, 2007). Definitions of CSR range from economic stability and corporate profitability to the organisation of safety, work, and ecology conservation. Diverse CSR terms such as sustainability, corporate citizenship, corporate sustainability, corporate social performance, corporate responsibility, business ethics, business reputation, corporate philanthropy, and ethical corporation have emerged (Hanafin et al., 2017; Hopkins, 2005; Maignan & Ralston, 2002). As a result, CSR has more than 300 performance standards and sustainability reporting tools (Koulouriotis & Nikolaou, 2020). The non-existence of a joint definition of

responsibility and sustainability may complicate further research and make it challenging to incorporate sustainability issues into other practices (Ebner, 2007).

The concept of sustainability typically focuses exclusively on the economic, environmental, and social aspects of sustainability (Wilson, 2003). The environmental pillar aims to maintain the biodiversity and natural assets of the global ecosystem. In contrast, the social pillar aims to ensure equal opportunities and meet the basic human needs of both present and future generations. The economic pillar encompasses the generation of sustainable value over an extended period.

The Brundtland report of the World Commission on Environment and Development contains the most widely used definition of sustainable development. This definition reads, ―Sustainable development refers to the process of achieving development that fulfils the requirements of the current generation while ensuring that future generations can fulfil their own needs as well, without any negative impact‖ (Brundtland, 1987, p. 41). The specific viewpoint acknowledges the significance of addressing immediate needs while emphasising the necessity of utilising resources sustainably to ensure future needs can still be met (Aras & Crowther, 2008; Bansal & DesJardine, 2015). Sustainable enterprises prioritise long-term value creation over short-term financial success, emphasising time and equity between generations. (Bansal & DesJardine, 2015).

Furthermore, sustainable corporations should explicitly label their processes and demonstrate transparency in all three pillars of sustainability. The significance of the relationship between social, financial, and environmental management is undeniable, considering the importance of financial success (Aras & Crowther, 2008). Essential for sustainability is that corporations prioritise sustainable development principles while also considering stakeholders' interests (Bansal & DesJardine, 2015).

This approach advocates for including sustainability topics in firms' business strategies, management practices, and performance measurement. In addition, a sustainable company must ensure that the interests of its stakeholders are in line with its long-term objectives. (World Business Council for Sustainable Development, 2019).

It is imperative to establish robust internal corporate governance processes that significantly impact the organization and facilitate efficient sustainability administration. Internal corporate governance processes encompass the board of directors, capital and incentive systems, concentration of ownership, and disclosure transparency (Kohl, 2009). Internal governance mechanisms are influenced by external factors such as interdependency with external influences and the specific location of the business. Factors like the country and culture in which the business operates can influence these mechanisms.

Regardless of the jurisdiction, the board of directors is responsible for guiding the company and establishing strategic objectives that guarantee long-term growth and survival (Cadbury, 1992; World Business Council for Sustainable Development, 2019). The effectiveness of corporate governance strategies and mechanisms is crucial in directing a company towards a prosperous future. By ensuring comprehension and efficient execution, an emphasis on ethical business practices, comprehensive enterprise risk management systems, and the creation of long-term value can be attained (World Business Council for Sustainable Development, 2019). Companies can effectively implement sustainability measures that align with their goals by incorporating specific internal corporate governance mechanisms such as board size, board -level sustainability committee, board diversity, board

independence, CEO role, ownership concentration, and disclosure and transparency practices.

The literature contains numerous studies investigating the relationship between CG and SS. These survey have utilised systematically methodologies, frameworks, and theories to demonstrate the magnitude of CG influence on institutional SS. The objective has been to clarify the interplay between these two concepts (Zaman et al., 2022). Abu Salim (2018) assessed the impact of CG mechanisms on promoting SS in industrial companies and auditing firms. He concluded that internal and external corporate governance mechanisms substantially influenced the promotion of SS.

Tang et al. (2020) investigated the arrangements of CG dimensions, including the CEO's duality, board members' independence, ownership structure, and ownership. The study examined the impact of CG dimensions, such as institutional and media coverage, on social responsibility performance in society, environment, governance, and employee relations. The objective was to understand how these dimensions collectively influence SS performance in various domains. The study's findings indicated that SS performance is likely affected by shared aspects of CG, suggesting a mutual dependence between these factors rather than operating separately. The study emphasised the importance of a focused ownership structure, strong government action, and media pressure in improving the efficiency of CG practices. These ultimately resulted in a greater level of SS within the state-owned mining companies that were examined.

Nwude and Nwude (2021) presented a model and evidence demonstrating that the size of the board of directors plays a positive role in promoting the interests of shareholders and other stakeholders, thereby facilitating further support. Research has

shown that banks with large board sizes, consisting of individuals with diverse experiences and efficient resource utilisation, are more likely to enhance resource allocation and prioritise corporate SS. Therefore, a corporation should encourage the presence of a large board of directors.

Lin and Nguyen (2022) examined the relationship between board attributes, specifically board size, and corporate SS performance. The study analysed data from 68 companies sourced from CSR Hub and corporate reports. The findings revealed a positive correlation between board size and responsibility performance. Dakhli's (2021) research on French-listed companies revealed a negative correlation between board size and social responsibility. However, Orazalin (2019) conducted a study to determine the influence of the characteristics of the board of directors, such as board size and social responsibility disclosures, on the banking sector in Kazakhstan. The findings revealed that board size does not impact the company's social responsibility disclosures.

Dakhli's (2021) research on French-listed companies found a negative correlation between board size and social responsibility. However, Orazalin (2019) conducted a study to determine the influence of the characteristics of the board of directors, such as board size and social responsibility disclosures, on the banking sector in Kazakhstan. The study found that board size does not impact a company's social responsibility disclosures.

Finally, Abu Alia and Barham (2022) conducted an extensive study investigating the relationship between revenue management, CG, and the correlation between social responsibility disclosure and its impact on a company's value. The research focused on companies listed on the Palestine Stock Exchange and examined different SS dimensions, including those related to customers, employees, products,

and human resources. The results demonstrated a significant impact of CG on SS practices. Interestingly, the study found no significant influence of governance on the correlation between SS disclosure and the company's overall value. On the other hand, studies suggest that CG adversely impacts the disclosure of SS.

2.12 The Moderating Role

Previous literature has indicated that CG positively influences SS. This assertion is grounded in the idea that effective CG structures foster a deeper understanding of societal needs, enhance board effectiveness, introduce new perspectives, stimulate creativity and social connections, and improve the oversight role of the board (Smith et al., 2015; Jones & Wu, 2010). However, contrasting findings have emerged in some studies regarding the relationship between CG and SS (Gupta & Sharma, 2017; Kim & Kim, 2018; Jackson et al., 2019). These mixed findings suggest that the nexus between CG and SS is intricate and lacks a unified perspective. Therefore, it becomes imperative to introduce a moderating variable to reconcile the conflicting and ambiguous findings presented in previous literature.

From an analytical perspective, Wu and Zumbo (2008) suggest that the apparent lack of a significant causal relationship or unexpectedly weak correlation could be attributed to the presence of an underlying moderating effect. Consequently, it can be argued that quality CG practices and SS performance should be viewed as interconnected mechanisms. Specifically, firms with robust CG structures are more likely to prioritise SS initiatives, indirectly influencing firm performance. This notion finds support in the CG literature, as evidenced by recent studies emphasising the importance of governance practices in fostering sustainable business practices (Zaid et al., 2020a, 2020b). Thus, the true impact of specific governance practices on SS

cannot be fully understood in isolation. Similarly, the relationship between quality CG and firm performance must be examined within the context of other moderating variables.

In a narrower context, effective CG mechanisms are often associated with a strong commitment to sustainable business practices. Firms with high-quality governance structures are more likely to integrate SS considerations into their strategic decision-making processes, thus enhancing their overall performance. Consequently, firms are encouraged to adopt governance practices prioritising long-term sustainability over short-term financial gains (Zaid et al., 2019, 2020a, 2020b). This perspective suggests that focusing on SS today can improve firm performance in the future. Accordingly, we propose our second argument: the relationship between quality CG and firm performance is likely to be strengthened when coupled with a high level of engagement in SS initiatives. This underscores the contingent nature of the relationship between governance quality and firm performance, particularly in the context of SS.

From the stakeholder theory perspective, effective governance practices are expected to increase stakeholder trust and engagement, positively influencing firm performance (Freeman, 1984; Harjoto et al., 2015). Thus, examining the actions of firms with strong governance structures may shed light on whether such initiatives contribute to enhanced financial performance. One such action could be adopting SS practices, as firms with quality governance structures are often committed to meeting the expectations of various stakeholders regarding social responsibility (Cook & Glass, 2015). Stakeholder theory suggests that fostering ethical and socially responsible relationships with stakeholders through governance practices could contribute to the firm's financial performance (Freeman, 1984). Therefore, empirical

investigation into the moderating role of return on assets (ROA) on the relationship between quality CG and firm performance is warranted.

2.13 Theoretical Contributions

1. This study can add to the existing literature by investigating the role of Return on Assets (ROA) as a moderator variable in the nexus among social sustainability and CG quality.
2. The underlying mechanisms by which ROA influences the relationship between CG and (SS) social sustainability can be explored in this study
3. It can investigate whether ROA lessens the detrimental effects of poor CG on social sustainability or strengthens the capacity of businesses with sound CG to engage in socially conscious activities

Chapter Three

Research Methodology

3.1 Sample and Data Collection

This study aims to detect the impact of CG quality on SS among Palestinian-listed companies. The population is 14 companies representing all bank sector and insurance companies listed on the Palestine Stock Exchange, 7 Palestinian banks and 7 insurance companies. All the necessary accounting data were collected from the published annual reports for the last five years (2018-2022) of the respective companies listed in PEX. The data will be obtained from several sources, including DataStream, financial statements, board reports, annual reports, and guides of publicly listed businesses. These sources can be accessed through the PEX websites. A total of 70 observations were obtained. Those two sectors will be selected.

3.2 Variable measurements:

3.2.1 Independent Variable: Corporate Governance

A CG index was developed to evaluate the quality of CG practices within a sample of banks sector and insurance companies listed on the Palestine Stock Exchange. The index was composed of three sub-indices to represent the three main mechanisms of corporate governance: board effectiveness and composition, disclosure and transparency and shareholder right (Mansour et al,2022).

The CGI was constructed based on methodologies from recent studies (Ararat et al, (2017); Al-ahdal et al, (2020) ;mansour et al, (2020)), incorporating the most frequently cited mechanisms of CG quality from these studies. Furthermore, the CGI

in this study was grounded in the best practices outlined in the Jordanian Code of CG issued in 2009, which is based on the 2004 guidelines from the Organization for Economic Cooperation and Development (OECD) (Haddad et al, (2017)). The index was adjusted to ensure it is compatible with the Palestinian context.

This study builds a specific index using attributes that reflect the characteristics of local firms, adhere to norms, and take data availability into account, demonstrating that this index is predictive of a firm's performance in the country. Accordingly, the CGI comprised 32 attributes as follows:

a. (15) criteria dedicated to disclosure and transparency.

b. (9) criteria focused on board effectiveness and composition.

c. (8) criteria related to shareholder rights.

Table1: Components of the Corporate Governance Index

Component	Item
A. Disclosure and Transparency	1. Firms have a website to disclose related information, such as annual reports and financial statements. 2. The availability of the firm's annual reports to the public. 3. The firm reports comply with the International Financial Reporting Standards (IFRS). 4. Firms disclosed their annual reports in the English language. 5. The firm employs one of the well-known Big-4 auditor firms. 6. Is the auditor's report clean? 7. Do the annual reports specify any potential conflicts of interest, such as issues regarding the related party transactions? 8. The firm provides details (report) on corporate social responsibility. 9. The firm reveals the benefits and remuneration of the board members. 10. The firm reveals the benefits and remuneration of the Senior Executive Management. 11. The firm reveals the qualifications of the Senior Executive Management. 12. Information related to risk management is available in the annual report.

	13. The firm has a CG report. 14. The firm provides details about the credit rating. 15. Availability of details relating to the board of directors' meetings (board activity) and attendance.
B. Board Effectiveness and Composition	16. The CEO and board chair are different people. 17. The firm has an audit committee. 18. The firm has a nomination committee and a remuneration committee. 19. The firm has a majority of non-executive directors. 20. The board size is between 5 and 13. 21. The firm has revealed the qualifications of the board members in the annual report. 22. Has the firm revealed the shares owned by directors' members? 23. Has the firm revealed the shares owned by Senior Executive Management? 24. Do independent directors form 1/3 of the total?
C. Shareholders' Rights	25. Offering detailed information about the shareholders on a firm's and/or ASE websites. 26. Providing the reports of the shareholders' meetings. 27. Availability of the national and foreign shareholding percentage on the firm's and/or financial market websites. 28. Availability of the authorised percentage of shareholdings by foreign shareholding. 29. The firm permits cumulative voting for the election of directors. 30. The firm has complaint options. 31. The dividend declarations are available to the shareholders. 32. The market price of a share is available to the shareholders.

Source: Mansour et al. (2022), pp. 7-8.

3.3.2 Dependent Variable: Social Sustainability

CSR relies on responsibility and transparency in communicating a social commitment to shareholders and other stakeholders (Demirag, 2018). The debate on responsibility for society began in the 1960s, with Friedman (1970) arguing that companies should use their resources to increase profits within the regulations of the competition. Friedman's thesis, termed "moral minimalism" by some scholars

(Freeman & Werhane, 2005), has sparked an extensive body of business ethics literature concerning the nature and scope of social responsibility exhibited by economic entities. The 1987 Brundtland report of the Global Commission on Development and the Environment defined sustainability and the worldwide environmental and development condition (Brundtland et al., 1987). Freeman (1984) introduced the concept of stakeholders in his book *Strategic Management: A Stakeholder Approach*, which has since become known as ―stakeholder theory.‖ A company is an economic and social system with multiple actors. Companies need guidance to balance economic objectives with social responsibilities.

Griessler and Littig (2005) defined SS as a characteristic inherent in societies. This statement highlights the significance of the interplay between nature and society, mediated via labour, and the various social relationships. SS is achieved when the activities and structures within a society meet a broad range of human needs designed to ensure the preservation of nature and its ability to reproduce over an extended period. Additionally, SS requires fulfilling normative principles related to social justice, human dignity, and participation.

This study will develop a checklist adopted from the GRI index to measure SS. Dimensions include customer satisfaction, data protection and privacy, gender and diversity, donations, employee engagement, community relations, human rights, labour standards, training... etc.

SS of companies listed on the Palestine Stock Exchange was measured through an index developed based on the Global Reporting Initiative (GRI). The GRI is one of the widely used frameworks and guidelines for organizing the preparation of sustainability reports. The researcher (Karji et al, 2019) selected 26 indicators, as shown in the table below, where the study was developed to suit the study

community. Other items were excluded due to the lack of final disclosure in the companies' financial statements, to reflect the commitment of Palestinian companies to SS, such as housing and urban development, Transferring lessons-learned in mass housing to the construction industry, gender equality, life on land, etc.

Content analysis methodology was used for the financial statements published on the Palestine Stock Exchange website, as well as the financial statements published on the official websites of the companies, to determine whether the companies disclosed any element of SS. If a company disclosed an element of each SS item, it was given a score of 1. If it did not disclose, the item was given a score of 0 (Saleh et al., 2022). The points were then summed to obtain a total score ranging from 0 to 1, where 0 represents no disclosure, and 1 represents full disclosure of all SS items.

Table 2: Social Sustainability Key Assessment Indicators (SSKAI) is in

No.	Indicators
1	Decisions geared to future challenges.
2	Encourage participation of employees
3	Communications meet ethical requirement
4	Great importance of training
5	Members of the team complement one another.
6	Mission statement aligned with corporate social sustain-ability
7	Practices conform to moral principles.
8	Recognize workers' rights
9	Social risks as important as corporate risks.
10	Sustainable products/ services are corporate strategy
11	Training local labor and hiring local business
12	Creating job opportunities
13	Encouragement of social interactions among the community
14	Reducing social inequity by enabling residents from a wide range of economic levels, household sizes, and age groups to live in one community
15	Meeting the community needs in pursuing development
16	Enhancing live ability and social well-being
17	Preservation of local characters (such as natural landscape) and natural resources (farmland, forests, etc.) during construction
18	Reliability of services by developing backup systems to reduce risks of service interruptions
19	Mitigating the risks associated with construction activities, flood, storm, earthquake, hurricanes, etc.)
20	Protecting the safety of employee
21	Creating job opportunities for new employees and combating

	unemployment.
22	Providing basic services and civic facilities
23	Applying green building practices
24	charitable donations and activities and scholarship
25	sponsoring for recreational facilities and combating corruption
26	donations

3.2.2 Moderating Variable: Profitability

This study introduces the moderator variable "profitability," which strengthens and improves the relationship between environmental sustainability and company governance quality, represents a research gap. According to previous studies, profitability will be measured by ROA, which is the most commonly used measure

3.3 Statistical Approach and Methods

3.3.1 Approach

Regarding the nature of this relationship and how it is applied across different. This study will use a quantitative approach; secondary data will be extracted manually from the financial statements of companies listed on the PEX and financial data from DataStream. Moreover, panel data regressions will be used on the quantitative data to examine the effect of the predictors on environmental sustainability.

3.3.2 Methods

The research will use panel data to analyse the findings. Panel data are collected by observing the same object over time, allowing for the analysis of both cross-sectional and temporal dimensions. There are multiple regression techniques available to estimate panel data models. For instance, several statistical techniques such as pooled ordinary least squares (OLS), fixed effect (FE), or random effect (RE)

models are employed, relying on certain assumptions. The Lagrange Multiplier test will be used to determine if the model should be specified as ordinary least squares (OLS) or random effects (RE). Subsequently, the Hausman test will ascertain the optimal model by comparing the random effects (RE) and fixed effects (FE) approaches.

3.4 Conceptual Framework

Based on the literature review, this study proposes a conceptual framework that links governance, SS, and financial performance. Governance encompasses not only the effectiveness of the board of directors in aligning investments with investor interests but also the company's strategic vision regarding its societal role, domain choices, technology adoption, strategic approaches, and engagement with stakeholders, all of which impact firm performance. Governance mechanisms, systems, and the quality of governance, including independent corporate social responsibility structures, social management frameworks, and systems influence performance. Firm performance itself is a composite measure comprising financial SS.

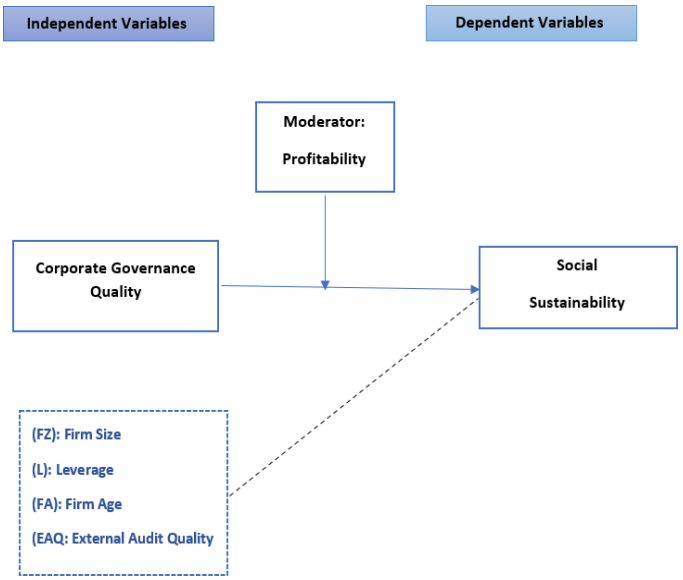


Figure 1. Conceptual Framework

3.5 Models of Study

In this study, two statistical equations will be applied. The first equation is for the direct relationship of the corporate governance quality on social sustainability, which is as follows:

$$SS_{it} = \beta 0 + \beta 1\ \mathbf{CGQ}_{it} + \beta 2\ \mathbf{ROA}_{it} + \beta 3\ \mathbf{FS}_{it} \times \beta 4\ \mathbf{LEVG}_{it} + \beta 5\ \mathbf{FAGE}_{it} + \beta 6\ \mathbf{EAQ}_{it} + \varepsilon_{it}$$

As for the second equation, the moderating variable will be entered, which is profitability, which is measured by return on assets. The equation is as follows:

$$SS_{it} = \beta 0 + \beta 1\ \mathbf{CGQ}_{it} + \beta 2\ (\mathbf{CGQ} * \mathbf{ROA})_{it} + \beta 3\ \mathbf{FS}_{it} \times \beta 4\ \mathbf{LEVG}_{it} + \beta 5\ \mathbf{FAGE}_{it} + \beta 6\ \mathbf{EAQ}_{it} + \varepsilon_{it}$$

Where;

CGQ is cprporate governance quality, ROA is return on assets, FS is firm size, LEVG is leverage, FAGE is firm age, EAQ is external audit quality, ε is error term.

3.6 Diagnostic Tests

In chapter four, on statistical data analysis, this study will employ diagnostic tests to ensure the data is analysed appropriately. This includes checking for normality of the data, identifying and handling outliers, verifying homogeneity of variance by using a heteroscedasticity test, and diagnosing multicollinearity issues—all before applying the regression analysis.

Chapter Four Analysis of Results

4.1 Introduction

The current chapter presents the empirical findings of two research models. Data Screening presented in Section 4.2. Descriptive statistics of the variables employed in this study are discussed in Section 4.3. Section 4.4 explains Pearson's correlation analysis. Section 4.5 Explains findings of the direct relationship. Section 4.6 present findings of moderating relationship. Conclusion of this chapter is discussed in section 5+7.

4.2 Data Screening

Before conducting the data analysis, it is crucial to verify that the company-level dataset meets the assumptions required for regression analysis. Consequently, this study performed several statistical tests to ensure that the data satisfy these regression assumptions. The screening process is detailed in the following subsections:

4.2.1 Normality Test

Normality describes the distribution pattern of specific variables within the data. Ideally, this distribution forms a bell-shaped curve, indicating that the values are symmetrically distributed around the mean, characteristic of a normal distribution (Gravetter & Wallnau, 2006). To verify the assumption of normality, this study employed two statistical tests: (1) skewness and kurtosis test, and (2) Jarque-Bera normality test. These tests were used to assess the normality of the data distribution.

Table 3 presents normality test for the value of skewness and kurtosis for dependent, independent, moderator and control variables. The skewness result indicates the symmetry of the data distribution, while the kurtosis result provides information about the 'peakedness' of the distribution (Pallant, 2011). Values of skewness and kurtosis within the range of (±7) suggest that the data follows a normal distribution (e.g., Gujarati, 2003; Kline, 1998; Westfall & Henning, 2013). Conversely, high skewness and kurtosis values may indicate the presence of extreme data points and potential outliers, which can adversely affect the results of regression analysis (Harir, Black, & Babin, 2010). In this study, skewness and kurtosis values are within the (±7) range, indicating that the data follows a normal distribution.

Table 3: Normality Test

Variable	skewness	kurtosis
SocialSustan	1.322	3.697
CG*ROA	.331	6.335
CGQuality	-2.108	6.263
LnROA	-.365	3.938
Leve	-.79	2.717
FAGE	1.281	5.175
EQA	-.949	1.9
LnSize	.416	1.862

Note: SocialSustan: indicates SS index (DV), CGQuality: indicates CG quality index (IV), lnROA: indicates logarithm of return on assets, CG*ROA: indicates the moderating effect of corporate governance quality and logarithm of return on assets (Moderator), lnSize: indicates logarithm of total assets, Leve: indicates firm's financial leverage, FAGE: indicates firms age, and EQA: indicates Big 4.

Besides that, this study runs additional test that includes Jarque-Bera normality test to assess the normality of data. The Jarque-Bera test statistic follows a chi-square distribution with two degrees of freedom (Gujarati, 2011). The null hypothesis of the test is that the data is normally distributed. Null Hypothesis (H0):

The data follows a normal distribution. Alternative Hypothesis (H1): The data does not follow a normal distribution. If the calculated p-value is less than a chosen significance level (e.g., 0.05), the null hypothesis is rejected, indicating that the data do not follow a normal distribution. Conversely, if the p-value exceeds the significance level, the null hypothesis cannot be rejected, suggesting that the data do not significantly deviate from normality. The result of Jarque-Bera normality test is: (0.7793 Chi (2) prob 0.6773). The results showed that the Jarque-Bera is not statistically significant giving further support that the data are normally distributed.

4.2.2 Outliers and Missing Observations

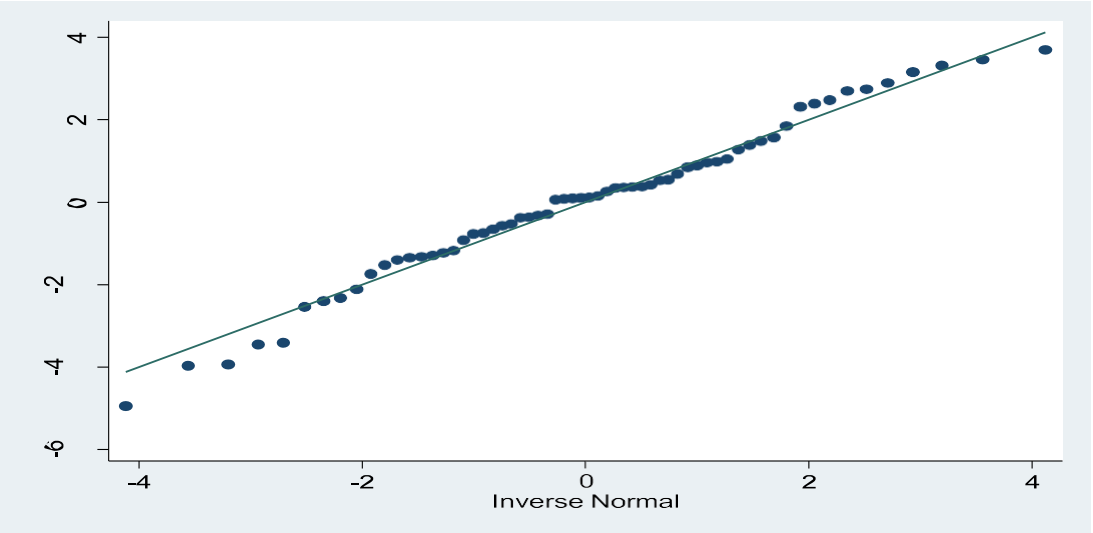
Outliers represent data points that exhibit significant deviation from the majority of observations within the dataset. Their presence can potentially distort interpretations pertaining to the associations between dependent variable and independent variable. Consequently, according to Aguinis, Gottfredson, and Joo, (2013) mention that precise attention is warranted when addressing outliers, encompassing the delineation of criteria, methodologies for identification, and strategies for their management. This study runs an outlier test for Ordinary Least Squares (OLS) regression. The analysis shows (1) test fails to reject the null hypothesis of consistency. (p-value=0.47), (2) Test fails to reject the null hypothesis of root-n normality. (p-value=0.43). These results suggest that there is no statistical evidence to reject the null hypotheses of consistency and root-n normality (Sasaki & Wang, 2021). Therefore, based on this test, there is no indication of outliers present in the dataset. Thus, the analysis found no outlier values in the dataset, suggesting that all data points fall within the expected range without any extreme deviations that could potentially influence the regression results. Also, the result stated that there is no evidence to indicate inconsistency in the OLS model.

The occurrence of missing data presents a common challenge in data preparation for modeling. Ignore missing data can yield mistaken results. Missing data may arise due to human error, or the prohibitive cost associated with data acquisition. Nevertheless, the study's data set is free from missing data.

4.2.3 Linearity of the Model

The linearity test assesses whether the relationship between variables in a model is linear. It evaluates whether the assumptions of linearity are met, which is crucial for the validity of regression analysis. The analysis of normality test shows (Prob > F = 0.0000), indicating that it is statistically significant at the chosen significance level and null hypothesis of linearity is rejected. Therefore, there is evidence to support that the relationship between the variables in the model is non-linear. To avoid the non-linear issue, this study employs Ordinary Least Squares (OLS) regression using Fixed model effect for both models.

Figure 2 shows the distribution of data on the regression model. This figure assesses whether a set of data plausibly comes from some theoretical distribution such as a normal distribution. The points should lie approximately along the reference line. If the residuals are normally distributed, the points will fall roughly on this straight line. However, if the points at the ends of the figure deviate from the line, it indicates potential problems with the normality of the data in the tails. Thus, this test suggests that the residuals of regression model are roughly non-normally distributed.



Figer 2: Data Distribution on regression model.

4.2.4 Heteroscedasticity Test

Sarun (2016) stated that the homoskedasticity occurs when the error terms are independently and identically distributed with constant variance. However, while the error process may be homoskedasticity within individual cross-sectional units, the variance may vary across different units, a condition referred to as group-wise heteroskedasticity. This study employed Breusch-Pagan Cook-Weisberg test to assess heteroscedasticity in panel data. This test evaluates the null hypothesis of panel homoscedasticity (Ho) against the alternative hypothesis of panel heteroscedasticity (Ha). The test was conducted on the estimated direct model and moderating model. Table 4 presents the results for each model, indicating that the null hypothesis is not supported at the 0.05 significance level. Therefore, the models exhibit a heteroscedasticity issue.

Table 4: Heteroscedasticity Tests Results for the Panel Regression Models

Models	Chi2	P-value
Model 1	96.254	0.0000
Model 2	73.56	0.0000

Note: Model 1 includes the direct effect of CG quality and lnROA with control variables. Model 2 includes the moderating effect of CGquality*lnROA with control variables.

4.3 Descriptive Statistics

The descriptive statistics provide a summary of the characteristics of all variables utilized in this study. This includes the mean, standard deviation, minimum, and maximum values across 70 firm-year observations. This summary offers readers a comprehensive overview of the dataset. Table 5 presents the descriptive statistics for all variables in the study. Based on table 5, the average score for SS index (SocialSustan) is 5.4 with the range score between 0 and 20. The result illustrates a wide variance of adoption for SS practices among Palestinian listed companies.

In addition, with respect to independent variable, the average value for CG quality index (CGQuality) that is used as a proxy for measuring corporate governance practices is 21.757, with a minimum value of 0 and a maximum value of 29. This result shows the wide variance of CG quality index within firms. Moreover, the average score of firm's profitability measured by logarithm of return on assets (lnROA) is -3.887 in the main model of this study. The minimum value of in ROA value is -6.645 and the maximum value is -1.97 which indicates the variety of logarithm of return on assets among the study sample.

In addition, descriptive statistics show that there is verity in the moderating effect of CG quality and firm's profitability (CG*ROA). The range score of the

CG*ROA is -2.5011 to 3.4875 with an average score of 0.449. For the control variables, the average score for the logarithm of firm size (lnSize) is 19.442 with a minimum score of 16.321 and a maximum score of 22.596. The average score for the firm's firm's leverage and firms' age were .657 and 20.857, with the minimum score .048 and 1 and the maximum score of .925 and 62 respectively. The subsequent control is EQA which indicates Big 4. The average score for the l Big 4 (EQA) is .714 with a minimum score of 0 and a maximum score of 1.

Table 5: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
SocialSustan	70	5.4	5.42	0	20
CG*ROA	70	.449	.734	-2.5011	3.4875
CGQuality	70	21.757	6.94	0	29
lnROA	70	19.442	1.619	16.321	22.596
lnSize	70	18.138	1.596	15.721	22.212
Leve	70	.657	.217	.048	.925
FAGE	70	20.857	13.867	1	62
EQA	70	.714	.455	0	1

Note: SocialSustan: indicates social Sustainability index (DV), CGQuality: indicates CG quality index (IV), lnROA: indicates logarithm of return on assets, CG*ROA: indicates the moderating effect of CG quality and logarithm of return on assets (Moderator), lnSize: indicates logarithm of total assets, Leve: indicates firm's financial leverage, FAGE: indicates firms age, and EQA: indicates Big 4.

4.4 Correlation Analysis

The correlation test assesses the strength and direction of the linear relationship between variables. Multicollinearity arises when the correlation analysis reveals a high correlation between two or more variables within the same model (Sekaran & Bougie, 2010). A key aspect of correlation analysis is to determine the direction and nature of the linear association between variables. According to Gujarati and Porter

(2009), multicollinearity is problematic when the correlation between two variables exceeds 0.8 or 0.9. Table 6 presents Pearson's correlation coefficients for the dependent, independent, and moderating variables. The correlation matrix indicates that none of the coefficients exceed the 0.8 threshold, suggesting the absence of multicollinearity.

Table 6 presents the correlation matrix for the primary variables. The data reveals that CG quality is positively and significantly correlated with social sustainability at the 0.05 significance level. Conversely, the logarithm of return on assets is negatively and significantly correlated with SS at the same significance level, which is an unexpected result. Additionally, the interaction between CG quality and the logarithm of return on assets exhibits a negative and significant correlation with SS at the 0.05 level. Moreover, table 6 also indicates a negative and significant correlation between CG quality and the interaction variable at the 0.05 significance level. However, there is also a positive and significant correlation between firm's profitability and the moderating effect of this interaction at the 0.05 significance level.

Table 6: Pearson's correlation for dependent, independent, and moderation variables.

Variables	(1)	(2)	(3)	(4)
(1) SocialSustan	1.000			
(2) CGQuality	0.491*	1.000		
(3) lnROA	-0.577*	-0.178	1.000	
(4) CG*ROA	-0.694*	-0.646*	0.666*	1.000

Note: * p<0.05, SocialSustan: indicates social Sustainability index (DV), CGQuality: indicates CG quality index (IV), lnROA: indicates logarithm of return on assets, CG*ROA: indicates the moderating effect of CG quality and logarithm of return on assets (Moderator).

4.5 Hypothesis Testing

This study conducted additional statistical tests related to panel data before performing the linear regression analysis. Firstly, the Breusch and Pagan Lagrangian multiplier test was executed using STATA software version 15 to determine the appropriate model for regression analysis. This test helps choose between the Ordinary Least Squares (OLS) model and the Random Effects Model (REM). Specifically, the null hypothesis (Ho) posits that if the p-value (prob chi-square) exceeds the α level (0.05), the null hypothesis is accepted, indicating that the OLS model is appropriate. Conversely, if the p-value is less than 0.05, the null hypothesis is rejected, and the REM is deemed suitable. According to Table 7 and Table 8, the p-value for Model 1 and model 2 is below 0.05 (0.000), leading to the rejection of the null hypothesis and the selection of the REM for Model 1 and 2.

Secondly, following the Breusch and Pagan Lagrangian multiplier test, the Hausman test was conducted to choose between the Random Effects Model (REM) and the Fixed Effects Model (FEM). The selection is based on the p-value of the test; if the p-value is below 0.05, the null hypothesis is rejected, and the FEM is selected. As shown in Table 7 and Table 8, the p-value (prob chi-square) for Model 1 and model 2 are lower than 0.05, resulting in the rejection of the null hypothesis and the selection of the FEM.

4.6 Empirical Findings of Direct Relationship.

This section presents the results of the Ordinary Least Squares (OLS) regression analysis for the first hypothesis. The study examines the impact of CG quality disclosure on a company's SS. Table 7 displays the panel OLS regression results for

the first objective, Model (1), which tests the primary hypothesis (H1) regarding the relationship between CG quality disclosure and the SS of companies listed on the Palestine Exchange. The findings support the hypothesis, showing that the estimated coefficient for CG quality is 0.645, with a p-value less than 0.001 and a t-value of 5.65, which is significantly positive. This suggests that companies with higher-quality CG engage in better SS practices. The findings indicated that companies with high-quality CG are better equipped to implement and maintain robust SS practices such as initiatives that benefit the community, environment, and other stakeholders (Sen et al., 2006; Michelon et al., 2016; Nyuur et al., 2019; Zhao et al., 2019; Flammer & Luo, 2017).

Also, effective CG ensures transparency, accountability, and ethical management practices. This fosters trust and positive relationships with stakeholders such as employees, customers, investors, and the community (Grybauskas et al, 2022; De Falco et al., 2018).

Thus, finding suggests that high-quality CG is not only beneficial for regulatory compliance but also plays a crucial role in driving SS efforts that lead to improved overall performance for the company. The result is consistent with the earlier descriptive statistics and correlation analyses presented in Tables 5 and Table 6 Consequently, the first hypothesis is supported. The findings align with stakeholder theory and corroborate recent literature (Hendi, Imam, & Dwi, 2024; Khodijah, 2022) indicating that high-quality CG leads to improved SS practices and advances Sustainable Development Goals (SDGs) among Palestinian listed firms.

However, the finding indicates that the profitability factor, measured as the logarithm of Return on Assets (lnROA), does not have a significant relationship with

SS practices. This suggests that higher or lower profitability does not necessarily lead to more or fewer SS initiatives. Thus, indicating that these practices are likely driven by other factors beyond immediate financial performance.

With regards to control variable, the logarithm of total assets (lnsize), the coefficient is 3.97 and t-value is 3.07, and the significance level is highly significant (*** $p < 0.01$). This indicates a strong positive relationship between the size of the company and SS. In addition, the coefficient of financial leverage (leve) is 1.22 with t-value is 3.89, and the significance level is highly significant (*** $p < 0.01$). This indicates a positive relationship between leverage and SS. However, Firm Age (FAGE) and Big 4 (EQA) indicate no significant relationship with SS and does not contribute to the model.

Finally, table 7 presents the R-squared value and the probability of the F-statistic for Model 1. The explanatory power of the fixed effects regression model is quite robust. Specifically, the R-squared value is 0.604, showing that Model 1 explains 60.4% of the variance in the company's SS. Additionally, the probability of the F-statistic (Prob > F) is 0.000, which shows that Model 1 is statistically significant at the 0.01 level. This means that the overall regression model is highly significant, providing robust evidence that the independent variables collectively explain the variation in social sustainability.

Table 7 : Fixed effect model of linear regression for model 1

SocialSustan	Coef.	St.Err.	t-value	Sig
CGQuality	**.645**	**.114**	**5.65**	*******
lnROA	-.036	.115	-0.31	
lnSize	3.971	.562	3.07	***
Leve	1.216	.123	3. 89	***
FAGE	.052	.05	1.05	
EQA	0	0	0	
Constant	2.456	5.966	0.41	

Number of obs	70
R-squared	0.604
Prob > F	0.000
Breusch and Pagan	97.35 ****
Hausman test	96.254****
Mean VIF	1.73
Tolerance test	0.60112

Note: *** p<.01, ** p<.05, * p<.1, SocialSustan: indicates social Sustainability index (DV), CGQuality: indicates corporate governance quality index (IV), lnROA: indicates logarithm of return on assets, lnSize: indicates logarithm of total assets, Leve: indicates firm's financial leverage, FAGE: indicates firms age, and EQA: indicates Big 4.

4.7 Empirical Findings of Moderating Relationship.

Table 8 displays the panel OLS regression results for the second objective, Model (2), which tests the primary hypothesis (H2) concerns the function of profitability as a go-between in the connection between the SS and quality of CG of Palestine Exchange-listed companies. The findings support the hypothesis, showing that the estimated coefficient of the moderating factor (CG*ROA) has a positive significant with a score of 0.458, with a p-value less than 0.001 and a t-value of 5.78. The empirical result shows that the moderating effect on CG*ROA strengthens company SS and the quality of their CG. This proves the second hypothesis correct, since the second hypothesis (H2) is supported. This result demonstrates that CG quality and profitability interact, they jointly enhance the company's SS practices (Almashhadani & Almashhadani 2022). The high t-value and very low p-value suggest a strong and statistically significant relationship, confirming that this moderating factor significantly contributes to better SS outcomes. Thus, companies with higher profitability and strong CG are likely to perform better in their SS efforts (Hamad &

Cek, 2023), thereby contributing more effectively to achieving Sustainable Development Goals (SDGs).

With regards to control variable, the log of total assets (lnsize), the coefficient is 1.66 and t-value is 3.76, and the significance level is highly significant (*** $p < 0.01$). Clearly, there is a strong correlation between a company's size and its SS. In addition, the coefficient of financial leverage (leve) is 1.33 with t-value is 3.71, and the significance level is highly significant (*** $p < 0.01$). Leverage and SS are positively correlated, as this shows. However, Firm Age (FAGE) and Big 4 (EQA) indicate no significant relationship with SS and does not contribute to the model.

Finally, table 8 presents the R-squared value and the probability of the F-statistic for Model 2. The explanatory power of the fixed effects regression model is quite robust. Specifically, the R-squared value is 0.808, showing that Model 2 explains 80.8% of the variance in the company's SS. Additionally, the probability of the F-statistic (Prob > F) is 0.000, which shows that Model 2 is statistically significant at the 0.01 level. This means that the overall regression model is highly significant, providing robust evidence that the independent variables collectively explain the variation in SS.

Table 8: Fixed effect model of the interaction variable for model 2

SocialSustan	Coef.	St.Err.	t-value	Sig
CGQuality	.089	.131	0.68	
CG*ROA	.458	.079	5.78	***
lnSize	1.664	.443	3.76	***
Leve	1.333	.612	3.71	***
FAGE	.06	.045	1.35	
EQA	0	.	.	
Constant	-33.769	8.838	-3.82	***
Number of obs	70			
R-squared	0.808			
Prob > F	0.000			
Breusch and Pagan	73.56****			
Hausman test	31.24****			
Mean VIF	2.10			
Tolerance test	0.48432			

Note: *** p<.01, ** p<.05, * p<.1, SocialSustan: indicates social Sustainability index (DV), CGQuality: indicates corporate governance quality index (IV), lnROA: indicates logarithm of return on assets, CG*ROA: indicates the moderating effect of corporate governance quality and logarithm of return on assets (Moderator), lnSize: indicates logarithm of total assets, Leve: indicates firm's financial leverage, FAGE: indicates firms age, and EQA: indicates Big 4.

4.8 Chapter Conclusion

This study discusses the descriptive statistics, and the results of the main analyses. In general, the descriptive statistics showed consistent information with the expectation of this study. The correlation matrix provides information that is somehow consistent with the findings of previous studies and the expectations of this study. The results of FRE estimations models for all study hypotheses are presented in

Table 9. The next Chapter will be discussed the research's results discussion and thesis conclusion.

Table 9: Summary of all study models (from Model 1 to Model 2)

Hypotheses	Number of Hypotheses	Model	Table	Result
CG -- SocialSustan	H 1	1	4.5	Supported
CG & ROA -- SocialSustan	H 2	2	4.6	Supported

Chapter Five

Discussion and Conclusion

5.1 Introduction

The results and conclusions of the study are thoroughly summarized in this chapter. Section 5.2 presents the results of the study. The implications of the research are presented in Section 5.3. In Section 5.4, the study delves into the research limitations and offers suggestions for future studies. A summary of the study's findings is provided in Section 5.5.

5.2 Discussion of Research Findings

The influence of sustainability reporting has become increasingly recognized among companies. The most effective methods of CG have also become more widely used as a result. To address the two research questions, two primary hypotheses were formulated, resulting in the development of two distinct models.

5.2.1 Discussion the First Research Question (H1)

The result of multiple linear regression for the first hypothesis reveals that CG quality significantly impact SS, thus the first hypothesis (H1) is supported. CG quality is positively and significantly associated with SS, according to this finding. This positive relationship suggests that the adoption of improved governance structures correlates with an increase in disclosures related to SS outcomes (Mukhuty et al., 2022). This underscores the importance for companies to enhance their governance frameworks, leading to better SS practices, benefiting stakeholders and enhancing the company's reputation and long-term success. This finding aligns with agency theory and is consistent with prior literature (Kalyani & Mondal, 2024).

The study provides an empirical contribution to investors by offering valuable insights, indicating that companies with higher-quality CG are more likely to engage in robust SS practices. This can inform investment decisions and strategies focused on long-term sustainability and ethical considerations. Additionally, the study makes an empirical contribution to agency theory and resource dependency theory by demonstrating a positive and significant association between CG quality and SS (Feng, Wang, & Kreuze, 2020). This finding supports the premise of stakeholder theory, which emphasizes the importance of addressing the interests and well-being of all stakeholders. Effective CG not only enhances financial performance but also promotes SS practices, thereby benefiting a broader range of stakeholders, including employees, communities, and the environment.

5.2.2 Discussion the second Research Question (H2)

For hypothesis (H2), the analysis reveals that firm profitability, as measured by Return on Assets (ROA), acts to amplify the relationship between CG quality and SS. This suggests that when a company exhibits greater profitability, it enhances the accessibility of superior financial information for investors and markets, thereby enriching the information environment (Roger, 2024). This outcome aligns with the anticipated direction of H2, affirming the hypothesis. Consequently, it implies that as a company's profitability increases, the beneficial influence of high-quality CG on SS practices becomes more pronounced. Essentially, this signifies that companies with stronger financial performance are more inclined to exhibit robust SS practices when accompanied by effective CG structures (Albitar,2017).

Moreover, this finding makes a theoretical contribution by accentuating the intricate interplay among CG, financial performance, and SS. It corresponds with the tenets of

agency theory, which postulates that robust CG mechanisms can assuage agency conflicts between shareholders and management, thereby enhancing overall company's efficiency (Jensen & Meckling, 1976). Additionally, it underscores the necessity of considering contextual factors such as firm profitability in comprehending the nexus between governance quality and SS.

From a practical standpoint, this discovery yields valuable insights for both corporations and investors. It underscores the imperative of amalgamating CG practices with endeavors aimed at augmenting SS. By prioritizing these dual aspects and leveraging the synergies between governance quality and profitability, companies can generate sustainable value for their stakeholders (Harrison & Freeman, 1999). For investors, grasping the role of firm profitability in fortifying the governance-SS relationship can inform investment strategies. Companies endowed with robust governance structures and elevated profitability may be perceived as more resilient and better positioned to deliver enduring financial and social gains (El Ghoul et al., 2011). In summary, the finding that firm profitability amplifies the association between CG quality and SS enriches both theoretical comprehension and practical decision-making across CG, sustainability, and investment spheres.

5.3 Research Implication

5.3.1 Implication Related to Management

In addition, the firm’s management should prioritize investment in governance structures and practices that promote transparency, accountability, and stakeholder engagement. This includes establishing clear policies and procedures for social responsibility initiatives and integrating sustainability metrics into governance frameworks. Recognizing the impact of governance quality on social outcomes can

inform strategic decisions regarding resource allocation. Thus, through fostering open communication and collaboration with stakeholders, management can identify areas for improvement and implement effective governance practices that enhance social impact. Finally, recognizing the interconnectedness of financial performance, governance quality, and SS, firms can enhance their competitiveness, mitigate risks, and create long-term value for all stakeholders (Desiderio et al., 2022).

5.3.2 Implications Related to Policymaker

Policymakers should consider implementing regulatory frameworks that incentivize companies to prioritize both financial performance and SS. This could involve disclosure of SS practices alongside financial reporting, as well as providing incentives for companies that demonstrate strong governance and sustainability performance. Also, policymakers can play a role in enforcing CG standards that encourage companies to integrate SS considerations into their governance structures. This may include promoting board diversity, strengthening transparency requirements, and ensuring adequate oversight of SS initiatives (Chandrakant & Rajesh, 2023). Thus, by providing financial incentives, policymakers can encourage companies to allocate resources towards governance practices that benefit society as well as shareholders.

Policymakers should facilitate collaboration between companies and stakeholders to address SS challenges. By raising awareness of these issues, policymakers can foster a culture of accountability and responsibility within the corporate sector. Thus, policymakers have an important role to play in creating an enabling environment for companies to integrate SS considerations into their governance practices. By implementing supportive regulatory frameworks,

incentivizing responsible behavior, and fostering stakeholder engagement, policymakers can help drive positive social and environmental outcomes while also promoting economic growth and stability.

5.4 Research Limitation and Suggestion for Future Research

It is critical to note certain limitations, despite the fact that this study provides useful insights into the connection between SS, firm profitability, and quality of CG. The study was constrained by the limitations imposed by the sample size and its characteristics. The findings may not be representative of all companies, limiting the generalizability of the results. Future research could benefit from using larger and more diverse samples to enhance the external validity of the findings. Also, the current research is the reliance on secondary data sources, which may have inherent biases or limitations in terms of data quality and coverage. To address this limitation, Primary data could be gathered in future studies by conducting interviews or surveys with influential individuals like investors, regulators, and corporate executives. The connections between good CG, company profits, and SS could then be better understood with more detail

Furthermore, the results may not be applicable outside of the studied industry. To further understand the contextual variations in the relationships among CG, profitability, and SS , future studies could take a comparative approach across industries or even countries. Policymakers and practitioners could benefit greatly from this information if it helped them identify contextual factors that could moderate these relationships.

Furthermore, the study primarily focused on quantitative analysis, which may overlook important qualitative aspects of CG, profitability, and SS. It is possible that future studies will use mixed-methods strategies to enhance findings from quantitative analysis with qualitative insights obtained through case studies, interviews or content analysis of corporate disclosures. Lastly, the current study primarily focused on the direct relationship between CG, profitability, and SS. Future research could explore potential mediating mechanisms that explain how CG influences SS outcomes through other intermediate factors. This would provide a more nuanced understanding of the underlying mechanisms driving these relationships and inform more targeted interventions and policy recommendations.

5.5 Chapter Conclusion

We have learned a lot about the connection between from this chapter CG quality, firm profitability, and SS. The analysis has revealed that the CG quality significantly influences the firm's SS practices. Also, the firm profitability strengthens the association between CG quality and SS, highlighting the importance of considering financial performance as a contextual factor in understanding the governance-SS nexus.

This research has discussed the theoretical implications of findings, which align with stakeholder theory and underscore the importance of effective CG mechanisms in promoting SS practices. Additionally, findings contribute to the practical understanding of how companies can integrate governance practices with efforts to enhance SS, thereby creating value for stakeholders and ensuring long-term success. Overall, this chapter contributes to the existing literature on CG, profitability, and SS, providing valuable insights for policymakers, practitioners, and researchers alike. By

recognizing the interplay between governance quality, financial performance, and SS, companies can enhance their competitiveness, mitigate risks, and create sustainable value for all stakeholders (Fernandese et al., 2023)

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الملخص

تُظهر الشركات التي تعاني من نقص في الحوكمة أداءً ماليًا ضعيفًا، مما يقلل من اهتمامها بأنشطة الاستدامة البيئية ويجعلها أقل احتمالاً للمشاركة في مثل هذه المبادرات. تُجمع المعلومات من تقارير الشركات المالية السنوية المتداولة علنًا في الفترة من 2018 إلى 2022. في هذه الدراسة، يتم فحص العلاقة بين جودة الحوكمة الاجتماعية والاستدامة الاجتماعية داخل الشركات المدرجة في بورصة فلسطين بشكل تجريبي، حيث تُستخدم نظرية الوكالة ونظرية الاعتماد على الموارد كإطارين نظريين. تسلط الدراسة الضوء على الدور الهام للحوكمة الاجتماعية في تعزيز ممارسات الاستدامة الاجتماعية. باستخدام بيانات اللوحة، يتم اختبار الفرضيات باستخدام نموذج الانحدار العادي .(OLS) تُظهر هذه الدراسة مصداقية نظرية الوكالة من خلال إظهار أن الحوكمة الجيدة ترتبط بالاستدامة الاجتماعية. يبدو أن الشركات ذات الحوكمة القوية لها تأثير إيجابي على مجموعة واسعة من أصحاب المصلحة، بما في ذلك العمال والمجتمعات والبيئة، فضلاً عن تحسين الأداء المالي والمبادرات الاجتماعية المستدامة. تُظهر الدراسة أن الشركات التي لديها أنظمة حوكمة قوية وربحية أعلى ترتبط بممارسات اجتماعية أكثر استدامة، كما تبرز الدراسة التأثير المعدل للربحية. تسلط هذه النتائج الضوء على أهمية أنظمة الحوكمة الفعالة في تعزيز أهداف التنمية المستدامة، وتقدم رؤى هامة للباحثين والممارسين والسياسيين المهتمين بالعلاقة بين الحوكمة والاستدامة.

الكلمات المفتاحية: الاستدامة الاجتماعية، جودة الحوكمة الاجتماعية، الربحية، نظرية الاعتماد على الموارد، نظرية الوكالة، بورصة فلسطين