


Examining the role of board characteristics in the CSR–dividend nexus: Evidence from European firms



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ABSTRACT

Understanding how a company's board characteristics influence the connection between corporate social responsibility and dividend policies has become important. As more stakeholders become concerned about companies' ethical behavior, businesses are feeling increased pressure to balance their social responsibilities with financial rewards. This paper examines the relationship between corporate social responsibility and dividend payouts in European firms, with a focus on the moderating role of board characteristics. To achieve this goal, we examined a sample of 1,376 publicly listed European companies over the period from 2014 to 2023, using dynamic panel data regressions, specifically the System Generalized Method of Moments (SGMM). The findings suggest that having strong corporate social responsibility performance significantly influences the decision to distribute dividends. The study also shows that board characteristics moderate the relationship between corporate social responsibility performance and dividend payouts. These insights carry substantial policy implications. Studying the CSR–dividend relationship with board characteristics as a moderator highlights the board's critical role in aligning social responsibility with shareholder interests. It supports policies promoting board independence, diversity, and expertise to enhance governance quality. This can encourage responsible dividend strategies that reflect both financial performance and ethical commitments. Policymakers may use these insights to refine corporate governance regulations and CSR disclosure standards.

Contribution/ Originality: Studying the relationship between CSR and dividend payout in European firms offers some novelty by addressing a region with strong regulatory frameworks and stakeholder-oriented governance. It highlights how CSR performance influences financial policies in socially responsible markets. Additionally, examining the moderating role of board characteristics adds depth by linking corporate governance to strategic payout decisions.

1. INTRODUCTION

Corporate social responsibility is recognized as an important topic across many fields, such as management, finance, and public relations. It's a key factor in helping companies build trust with their stakeholders as argued by Carroll [1], Freeman [2], Fourati and Dammak [3], and Quang and Le [4]. In addition, businesses are making CSR a central part of their strategies. Their goal is to address social issues and ensure they remain sustainable in the long term [5].

This change demonstrates how companies do not only pursue financial objectives. They also have a responsibility to help society and protect the environment [6]. As a result, corporate social responsibility has

become a significant part of how companies operate today. It is no longer just about profits; it is also about how businesses impact the world around them. This shift has led to new standards in accounting and the development of environmental, social, and governance (ESG) scores, which are used to measure how well companies perform in these areas [7-9].

In recent years, there's been a shift in how companies are seen in society. People consider firms as responsible entities that should work to promote fairness and balance in both social and economic issues, all while looking out for their stakeholders, including shareholders, based on the idea of stakeholder theory, Jensen and Meckling [10] and Rodriguez-Fernandez [11]. CSR is becoming more than a buzzword; it is a way for companies to be more transparent and demonstrate their social responsibilities. Additionally, incorporating Environmental, Social, and Governance practices into their core strategies is becoming essential for ensuring that a company's growth is sustainable, ethical, and focused on the long term [12].

Besides CSR, good corporate governance makes companies more transparent, trustworthy, and reputable. It also provides important information that helps investors make smarter choices. When a company has a strong governance setup, it reduces risks and supports long-term success by ensuring that managers' interests align with those of shareholders and other interested parties [13]. The question of how CSR practices are integrated into a company's overall strategy often depends significantly on the specific composition of the board of directors. For example, having women on the board can make a difference because they might bring different viewpoints and pay more attention to social and environmental issues when making strategic decisions [14]. Besides, the financial knowledge of board members is important for successfully incorporating ESG factors and understanding how they affect the company's financial results [15, 16].

When the CEO also serves as the chairman of the board, it often leads to a more centralized approach to decision-making. This structure can influence how the company manages its social responsibility efforts, including aspects such as paying dividends [17]. Board diversity is crucial, as it enables companies to more effectively address global issues related to CSR and ESG. When a team includes individuals from diverse backgrounds, it becomes easier to implement these practices in a way that is comprehensive and effective across different cultures and perspectives [18, 19]. Furthermore, the size of the board also plays an important role. If it is too small, it may lack sufficient diversity of perspectives. Conversely, a board that is too large could slow down decision-making and hinder the smooth integration of ESG practices into the company's overall strategy [20].

Although companies that adopt CSR practices appear to enjoy greater social legitimacy and stakeholder engagement, the specific ways in which board characteristics moderate the impact of these practices on dividend payouts remain largely underexplored. In particular, it is important to understand how board composition, including the presence of women, financial expertise, CEO duality, cultural diversity, and board size, affects not only companies' CSR commitments but also their dividend distribution strategies. This raises the following question: How do board characteristics moderate the relationship between CSR and dividend distribution policy? The main objective of this paper is to analyze this relationship by exploring the mechanisms through which board composition moderates the CSR–dividend distribution relationship in European firms. To do so, we used a large sample of 1,376 listed companies located in 23 European countries over the period from 2014 to 2023 and applied the SGMM method as an econometric approach.

The European context presents a particularly relevant case study for this paper for several reasons. First, strict regulations in Europe impose transparency obligations regarding CSR, notably through the Corporate Sustainability Reporting Directive (CSRD). Second, societal and institutional pressures strongly encourage companies to integrate CSR into their strategies, in response to growing expectations from investors and regulators. Furthermore, Europe's structured and rigorous environment provides an adequate research framework for analyzing the relationship between governance and CSR commitment. In this context, the characteristics of boards of directors play a key role in enabling European companies to reconcile societal performance requirements

with a consistent dividend distribution policy. Indeed, factors such as board diversity, financial expertise, CEO duality, and board size can influence how companies balance the expectations of stakeholders and shareholders.

This study contributes to the existing literature in several ways. First, it addresses the research gap regarding the relationship between board characteristics, CSR, and dividend payout, with a focus on how governance influences these decisions. Recent studies have shown that board diversity, independence, and expertise separately impact CSR practices and dividend policies [21-23]. However, no prior studies have investigated the joint effect or the moderating role. Second, the results of this study provide valuable insights for corporate managers, investors, and regulators. These results lead to a better understanding of the impact of board characteristics on dividend distribution decisions in the context of CSR practices. Finally, this research explores the moderating role of corporate governance between CSR and dividend payout, offering implications for regulators and policymakers.

The paper is organized as follows: Section 2 reviews the theoretical literature. Section 3 presents the empirical literature review and formulates the hypotheses. Section 4 describes the empirical design. The empirical results and robustness checks are discussed in Section 5. Finally, Section 6 concludes and offers some policy recommendations.

2. THEORETICAL LITERATURE REVIEW

Theoretically, the relationship between CSR and dividend policy is supported by several theories. First, the *agency theory* explains the link between CSR and dividend policies by emphasizing conflicts that can arise between managers and shareholders. According to Jensen and Meckling [24], managers may engage in CSR as a means of self-promotion or to enhance their reputation, potentially at the expense of shareholder wealth. In this context, paying dividends can help resolve some issues that occur when managers and shareholders have differing interests. By distributing dividends, companies can prevent managers from using excessive free cash flow for their own purposes. For companies that prioritize social responsibility, paying dividends can also reassure investors that the company's resources are being used responsibly, which helps ensure alignment between managers and shareholders [25]. Hence, CSR and dividend policies could be viewed as two tools that work together to help reduce agency problems and improve how a company is run.

Second, the *signaling theory* suggests that when companies pay dividends or disclose CSR efforts, they transmit signals indicating that they are financially stable and have sound plans. In the presence of information asymmetry, where investors cannot fully observe a firm's internal operations, companies may use CSR activities and dividend payouts to convey positive information. High CSR engagement signals that a firm is socially responsible and committed to long-term sustainability, while consistent or increasing dividend payments indicate stable cash flows and profitability [26]. When used together, CSR and dividends enhance investor confidence and market valuation, as they collectively signal ethical management and financial robustness.

Third, the *stakeholder theory* broadens the focus beyond shareholders to consider the interests of all stakeholders, including employees, customers, communities, and the environment. According to Freeman [2], firms are expected to create value not just for shareholders but for all stakeholders. In this framework, CSR becomes a strategic tool to manage stakeholder relationships and maintain social legitimacy. However, distributing dividends to shareholders must be balanced with investments in stakeholder-related initiatives. This tension may influence dividend policy, as firms with strong CSR commitments might retain more earnings to fund socially responsible projects, potentially lowering dividend payouts [27]. Thus, stakeholder theory supports a more cautious and stakeholder-sensitive approach to dividend decisions.

Fourth, the *resource-based view* (RBV) of the firm emphasizes the role of unique internal resources and capabilities in creating a competitive advantage. CSR activities can be considered intangible assets that enhance a firm's reputation, trustworthiness, and stakeholder loyalty factors that contribute to long-term profitability [28]. Under this view, firms may strategically adjust dividend policies to invest more heavily in CSR, viewing it as a long-term investment rather than a cost. The implication is that lower dividends today may be justified by greater

value creation through enhanced brand equity and stakeholder goodwill in the future. Therefore, RBV supports a trade-off between immediate shareholder returns and long-term strategic investments in CSR.

3. EMPIRICAL LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESES

In a changing economic landscape, CSR has emerged as a key strategic factor, gaining increasing prominence in business decisions. According to Carroll [29], CSR refers to a company's commitment to ethical practices, while promoting economic development and improving the quality of life for employees, their families, and society as a whole. CSR is now seen as a way to create value over the long term [30]. At the same time, dividends continue to be a key factor for investors because they show how profitable a company is and can influence investment choices [31]. Paying dividends is often viewed as a sign of a company's financial strength and its growth potential [32].

Recent studies have looked into how CSR relates to a company's dividend policies. Several research efforts, like those by Dahlia [33], Sheikh et al. [34], and Dewasiri and Abeysekera [35] have found a positive link between CSR activities and how companies handle dividends. Companies that prioritize good CSR practices tend to pay out dividends more regularly, partly to boost their image with investors and to make financial information more transparent. However, Abdel-Wanis [36] points out that this relationship changes depending on where a company is in its life cycle.

For the US, Cheung et al. [16] discovered that companies with strong CSR practices tend to pay higher dividends. In Europe, Samet and Jarboui [37] noted that firms with better CSR performance are more likely to follow generous dividend policies. According to stakeholder theory, engaging in CSR can bring multiple benefits to a company, especially when it comes to increasing revenue and managing costs Ongsakul et al. [38] and Chouaibi et al. [39]. Sheikh et al. [34] concluded the same results in Pakistan. Additionally, Dewasiri and Abeysekera [35] observed similar results in Sri Lanka. Overall, these studies suggest that CSR tends to boost a company's dividend payouts worldwide, which might help reduce agency issues and make companies more transparent to their stakeholders. Nevertheless, some researchers point out that companies committed to CSR often choose to retain more profits to fund social or environmental projects, which can limit dividend payouts to shareholders [40].

3.1. CSR and Dividend Policy: The Moderating Role of Board Characteristics

The board of directors is considered a central component of the corporate governance framework. Corporate governance refers to the set of mechanisms through which investors ensure a return on their investments [41-43]. Within this context, the board plays a crucial role in supervising and guiding corporate strategy [44-46]. Several studies have highlighted that the effectiveness of a board depends on various characteristics, with its size being one of the most critical. Indeed, board size is considered a key factor influencing decision-making efficiency and oversight capabilities [20, 47, 48].

3.1.1. Board Size

Larger boards may better reflect the diversity of stakeholder interests, as suggested by Al-Saidi [49]. However, having a larger board can sometimes exacerbate agency problems. As discussed in the seminal work of Jensen and Meckling [24]. Larger boards may grant the CEO greater influence over decision-making and the company's direction. This can result in less effective oversight, which may compromise the overall quality of corporate governance [50].

Recent research by Awad et al. [51] suggests that larger boards can make it more difficult to maintain alignment on priorities and strategic direction, particularly in complex organizations. Despite these challenges, larger boards can still be highly effective. With more members, tasks can be distributed more evenly, and monitoring responsibilities, especially those related to CSR, tend to be carried out more efficiently. Several studies

also highlight that larger boards may enhance the impact of CSR on financial performance by enabling better management of CSR initiatives and providing greater resources for oversight and strategic advice [52, 53].

Prior researches conclude that the board size could impact both corporate social responsibility and dividend payments. For example, Kalsie and Shrivastav [54] found that a larger board might lead to greater efficiency, help reduce agency problems, and encourage companies to pay dividends. Similarly, Beji et al. [55] found a positive link between board size and CSR activities. [34] emphasized that board size can also play an important role in how dividends are distributed. Given these different perspectives, it seems reasonable to adopt a balanced view of how board size affects these areas. Based on this, we propose the following hypotheses:

Hypothesis 1: There is a positive relationship between board size and dividend payout.

Hypothesis 1a: The relationship between CSR and dividend payout could be moderated by board size.

3.1.2. CEO Duality

CEO duality occurs when one person holds both the CEO and chairperson roles. This board characteristic has been the subject of many recent research studies [56-58]. When these roles are combined, they give the executive significant power over the company's strategy and decisions, including those related to profits and investments [59]. Some studies suggest that this combination can enhance unity and speed up decision-making [60] while others warn it may lead to issues such as reduced oversight and excessive influence by the CEO [61]. Therefore, whether CEO duality benefits or harms a company largely depends on the overall governance structure and the specific context of the company [62].

The relationship between CEO duality and dividend payouts is quite complex and has led to mixed results. Some studies suggest that when the CEO also serves as the chair, it can create a clearer strategic direction and lead to better dividend decisions [63, 64]. However, others argue that concentrating on these roles might result in decisions that are not fully aligned with shareholders' interests. Understanding this relationship requires careful consideration of each specific context [64, 65].

In addition, the role of the CEO is evolving as companies focus on social responsibility. Today, creating both financial and social value is a core part of corporate strategy. Research on the interaction between CEO duality and CSR has produced mixed results. Some studies suggest that when the same person holds both the CEO and chair roles, it can reduce transparency and corporate engagement in social issues [17, 56, 66, 67]. However, more recent research indicates that CEO duality can enhance CSR disclosure and initiatives, particularly when stable leadership aligned with strategy is essential [68, 69]. In emerging markets, granting strong authority to the CEO can help advance long-term CSR efforts, especially when supported by sound internal governance [70, 71]. These findings suggest that the effects of CEO duality are complex and context-dependent, highlighting the need for further research. Based on this, we propose the following hypotheses:

Hypothesis 2: There is a positive relationship between CEO duality and dividends paid.

Hypothesis 2a: The relationship between CSR and dividend payments may be moderated by CEO duality.

3.1.3. Board Member Independence

The presence of independent directors on the board is generally regarded as an important indicator of good corporate governance [72, 73]. It encourages management to act in the best interests of shareholders, fairly represent other stakeholders, and reduce information asymmetry within the organization [74]. Board independence is also considered essential under the *agency theory*. This theory argues that independent directors should hold the majority of board seats to strengthen oversight over management, as emphasized by Fama and Jensen [75]. This independence enhances board effectiveness and reduces agency costs by compelling management to distribute a greater portion of excess cash in the form of dividends [76].

The results of prior research exploring how independent members influence firm decisions and dividend policies are mixed. Many recent studies, such as those by Riaz et al. [77], Alshabibi et al. [78], and Kilincarslan [79], suggest that having a more independent board can lead to better governance and higher dividend payouts. Similarly, Shahid et al. [80] and Al Farooque et al. [81] found that increased board independence tends to be associated with more frequent or higher dividends. Interestingly, research by Al Shabibi and Ramesh [82] and Ranti [83] points out that this effect may be even more pronounced in family-owned companies, where independent directors help strengthen governance and support more generous dividend strategies.

From another perspective, the literature also highlights the importance of board independence in promoting CSR. The studies of Islam et al. [84] and Agarwala et al. [85] have shown that there is often a positive and meaningful connection between an independent board and CSR efforts. Independent directors tend to be less influenced by internal pressures and are generally more focused on transparency and ethical practices, making them key players in guiding companies toward socially responsible behavior. Supporting this view, Al Fadli et al. [86] emphasize that independent boards are critical in improving CSR reporting. Given these perspectives, we propose the following hypotheses regarding the role of board independence:

Hypothesis 3: An independent board positively affects dividend payout.

Hypothesis 3a: The relationship between CSR and dividend payout could be moderated by the level of board independence.

3.1.4. Gender Diversity

The increasing presence of women on corporate boards demonstrates how companies are progressing toward more inclusive leadership. Having diverse boards helps companies make better, more well-rounded decisions [18]. In this case, women's representation is especially important in shaping a company's strategies, such as its approach to corporate social responsibility (CSR) and dividend policies [87].

Recent research supports a strong relationship between the size of dividend payouts and the diversity of company boards, including female directors [88, 89]. The increasing presence of women in leadership positions is associated with improved governance quality and the promotion of more prudent and stable dividend policies.

As gender diversity continues to grow, especially with more women taking seats on corporate boards, we are witnessing a genuine shift towards more comprehensive and balanced governance. Having a diverse mix of board members can lead to better decision-making because different perspectives help create more well-rounded strategies [18]. In this context, women on boards often influence company direction, especially regarding CSR and dividend policies [87]. Recent research suggests a strong link between gender diversity on boards and how companies handle dividend payouts [89]. The more women leaders there are, the better the quality of governance tends to be, which often results in more careful and stable dividend decisions. Female directors are generally seen as more risk-averse [90], meaning they tend to support responsible and steady dividends [91]. This cautious stance helps reduce conflicts between managers and shareholders and limits managers from acting opportunistically. Besides, having women on boards promotes stronger CSR efforts. A high female presence is often viewed as a positive sign of a company's ESG performance [92]. This shows that gender diversity influences strategic decisions well beyond just financial matters. However, the link between board gender diversity and dividend policy isn't straightforward. Some researchers, like Gharbi and Jarboui [93], have found that more women on boards might decrease dividend payouts. Others, like García-Meca et al. [94], suggest the relationship isn't linear. It might follow an inverted U-shape, where initial increases in female representation boost dividends, but beyond a certain point, they start to decline again. This indicates that the relationship is complex and depends on many factors within each company. While having more women on boards tends to encourage careful financial strategies and better CSR, its effect on dividend payments can vary depending on the specific context. Based on these findings, we propose the following hypotheses:

Hypothesis 4: There is a positive relationship between gender diversity and dividend payout.

Hypothesis 4a: The relationship between CSR and dividend payout could be moderated by gender diversity.

3.1.5. Cultural Diversity

Having cultural diversity on company boards adds value to how companies are run. It helps bring different perspectives to decision-making and makes it easier to handle social, economic, and environmental challenges effectively [95, 96]. Diversity on boards, including differences in nationality, professional backgrounds, gender, and perspectives, helps create more balanced and comprehensive decision-making. When boards are diverse, they are often more engaged in corporate social responsibility (CSR) and make financial decisions, such as dividend distribution, with a focus on long-term sustainability. Recent research confirms that such diversity not only improves how a company is governed and its CSR efforts but also positively impacts how it handles dividends [18, 97-99]. Based on our earlier discussion, having a diverse group of people on company boards significantly contributes to good governance. Recent research indicates that diversity enhances transparency, promotes more comprehensive decision-making, and increases companies' engagement in social and environmental initiatives, particularly regarding sustainability [100, 101]. It also affects how companies handle dividend payments. When board members come from different backgrounds, they tend to be more careful and balanced in their decisions, focusing on what is best for the company and everyone involved in the long term [102]. Other studies also found that diversity helps companies better prepare for global challenges and creates stronger, more flexible governance structures [18]. Based on these findings about cultural diversity, we have formulated the following hypotheses:

Hypothesis 5: There is a positive relationship between cultural diversity and dividend payout.

Hypothesis 5a: The relationship between CSR and dividend payout could be moderated by cultural diversity.

3.1.6. Financial Expertise

Board members with strong financial knowledge are important when balancing CSR efforts and dividend policies. When board members understand finance well, they can better assess how CSR activities will impact the company's finances, helping the company weigh short-term profits against long-term social benefits. Many studies support this idea. For example, Naheed et al. [103] found that in China, companies with financially knowledgeable board members tend to be more transparent about their CSR efforts. Similarly, Lin and Nguyen [56] and Zhe et al. [104] demonstrated that CFOs with more experience are more likely to be involved in CSR activities than those with less experience. When it comes to dividend policy, studies show that the effects can depend on the context. For instance, Thompson and Manu [105] found that in China, having board members with strong financial expertise tends to support the idea that dividends can be a way to reduce agency problems. But in Pakistan, their results suggest the opposite, that dividends help complement efforts to align management and shareholder interests. Similarly, research by Sarwar et al. [106] and Wu et al. [107] emphasizes how in Kenya, the level of financial expertise on a company's board plays a key role in shaping dividend policies. Also, El Ghouli et al. [108] discovered that boards with more financial know-how are better at balancing the trade-offs between pursuing social responsibility initiatives and paying dividends, leading to clearer and more balanced corporate governance. Based on this evidence emphasizing the importance of financial expertise, we propose these hypotheses:

Hypothesis 6: Financial expertise on the board increases dividend payouts.

Hypothesis 6a: The relationship between CSR and dividend payout could be moderated by the level of financial expertise on the board.

4. EMPIRICAL DESIGN

4.1. The Sample

To explore how board characteristics moderate the relationship between CSR and dividend payout, we used an initial sample of 1,405 companies across 23 European countries. However, 29 companies were excluded due to

missing data on board members' gender diversity, cultural backgrounds, or specific skills. The study covered the period from 2014 to 2023. All the information used in this research was sourced from Refinitiv's Eikon database, which provides detailed data on more than 72,000 publicly listed companies worldwide. This database includes various aspects such as dividend distribution, gender and cultural diversity on boards, financial expertise of board members, company size, CEO duality, ESG scores, and company fundamentals. Table 1 presents the number of firms per country.

Table 1. Number of companies per country.

Countries	Number of firms	%	Countries	Number of firms	%
Austria	46	3.34	Italy	45	3.27
Belgium	76	5.52	Luxembourg	34	2.47
Cyprus	39	2.83	Malta	30	2.18
Czech Republic	50	3.63	Netherlands	61	4.43
Denmark	63	4.58	Norway	74	5.38
Finland	62	4.51	Poland	66	4.80
France	61	4.43	Portugal	60	4.36
Germany	74	5.38	Spain	77	5.60
Greece	30	2.18	Sweden	96	6.98
Hungary	40	2.91	Switzerland	87	6.32
Iceland	36	2.62	United Kingdom	98	7.12
Ireland	71	5.16			
Total companies (whole sample): 1,376					

4.2. Variable Selection

4.2.1. Dependent Variable

The dependent variable in this study is the dividend per share (DPS), which is the amount a company pays to its shareholders for each share they own. As Gitman and Zutter [109] explain, the DPS indicates how much profit is distributed to each shareholder for one common share.

4.2.2. Independent Variables

Among the independent variables, corporate social responsibility was measured using the ESG score. This proxy ranges from 0 to 1 and aggregates a company's performance across the three pillars: environmental, social, and governance. This approach makes it easier to compare companies by providing a clear overview of their sustainable and responsible impact [110]. The size of the board of directors (BS), defined as the total number of members, is an important factor in determining how effective the board is at overseeing strategic decisions [111]. The specific skills of board members (BSS), often measured by the percentage of directors with financial expertise, are associated with better decisions related to corporate responsibility and sustainability [112]. CEO duality (DUAL), which indicates whether the same person serves as both CEO and board chair, and board independence (IND), measured by the percentage of independent directors, are key to ensuring the separation of powers and minimizing conflicts of interest [113, 114]. Finally, cultural diversity (BCD), represented by the percentage of directors from different cultural backgrounds, and gender diversity (BGD), reflected by the percentage of women on the board, are considered important factors in enhancing governance and transparency [115].

As part of our robustness check, we developed an index of board characteristics (BC-index), which captures six important aspects of a company's board. These include board size (BS), board independence (IND), CEO duality (DUAL), the financial expertise of board members (BSS), gender diversity (BGD), and cultural diversity (CD). The structure and independence of the board can influence the effectiveness of company oversight and the level of transparency [116]. Meanwhile, diversity and expertise tend to enhance the quality of strategic decision-making [68]. When the CEO also serves as the board chair (DUAL), it can alter the balance of power within the company

[117]. Cultural diversity, in turn, brings a broader, more global perspective and can contribute to better risk management [118]. Table 2 presents the construction of the board characteristics index in detail.

Table 2. The main indicators used to construct the BC index.

Dimension	Indicator	Description	Adjustment	Weight
Size	Board size	Total number of board members	Standardized value	0.15
Diversity	Gender diversity	% women on the board of directors	Standardized value	0.20
Diversity	Cultural diversity	% of members from cultural minorities or foreign countries	Standardized value	0.15
Expertise	Financial expertise	% of members with financial training	Standardized value	0.20
Function	CEO duality	1 if the CEO is also Chairman of the Board, 0 otherwise.	Standardized value	0.1
Independence	Proportion of independent members	% of independent board members	Standardized value	0.20

After selecting the key indicators to analyze the board's features, the next step was to calculate their normalized values. To do this, we first identified the minimum and maximum values for each indicator. This allowed us to make fair comparisons between the indicators by placing them on a common scale. There are two main approaches to data normalization: statistical normalization and empirical normalization [119]. Statistical normalization adjusts each indicator so that they have a mean of zero and a standard deviation of one. This approach facilitates comparison by eliminating distortions caused by differences in the indicators' average values. This method is based on the following formula:

$$BC_{it} = \frac{BC_{i,t} - \mu(BC_{i,t})}{\sigma(BC_{i,t})} \quad (1)$$

The value of $BC_{i,t}$ shows how the board characteristics compare after being scaled, with $\mu(BC_{i,t})$ representing the average and $\sigma(BC_{i,t})$ indicating the standard deviation. This approach ensures that the data remains within a common, understandable range. Conversely, empirical normalization assumes that a score of 1 indicates a more effective board, while a score near 0 indicates an ineffective board.

$$Normalized\ value = \frac{BC - Min(BC)}{Max(BC) - Min(BC)} \quad (2)$$

BC shows the current value of the characteristics listed in the table. The Min (BC) and Max (BC) represent the lowest and highest values observed for this indicator, respectively. This method of normalization makes it easier to compare different indices, even if they are measured in different units or on different scales. The composite index is then calculated using the following formula:

$$Board\ index = \frac{1}{n} \sum_{i=1}^n Normalized\ Values \quad (3)$$

4.2.3. Moderating Variables

Let's examine how CSR interacts with different aspects of a company's governance, starting with the size of the board of directors (ESG*BS). In our study, we focus on the total number of directors, which is a commonly used measure of board size in the literature, as seen in studies by Beji et al. [55], Jilani and Chouaibi [50], Sheikh et al. [34], and Chang et al. [120].

ESG*IND is the interaction variable between CSR and the independence of the board of directors. We assess board independence by examining the proportion of independent directors relative to the total number of board members. This is a widely used measure in numerous studies, including those by Riaz et al. [77], Alshabibi et al. [78], Kilincarslan [79], and Narang et al. [76].

ESG*DUAL is the interaction variable between CSR and CEO duality. We also examine CEO duality by determining whether the CEO also serves as the chair of the board, using a simple binary indicator: 1 if the roles are

combined and 0 if they are separate. This approach has been used in studies by Tang [60], Mubeen et al. [62], and Debnath et al. [61].

ESG*BGD is the interaction variable between CSR and gender diversity on the board of directors. We also explore gender diversity by examining the percentage of women on the board, which reflects the level of gender balance within company governance. This approach is based on the work of Ye et al. [91], Bidi [121], and Wong et al. [92].

ESG*BCD is the interaction variable between CSR and cultural diversity on the board of directors. Beyond gender, cultural diversity is also a key factor. We measure it by the percentage of board members whose cultural background differs from that of the company's headquarters. This approach is supported by studies from Adams and Ferreira [97], Laksmmana et al. [98], Post and Byron [18], Khan and Yilmaz [99], and Aliani et al. [96].

ESG*BSS is the interaction variable between CSR and financial expertise on the board of directors. We consider the financial expertise of board members, measured by the percentage of those with significant financial experience, to understand how financial skills contribute to corporate social responsibility efforts. This indicates the board's ability to make informed financial decisions. A high percentage suggests better competence in the company's financial management and has been applied in various studies: Sarwar et al. [106] and Wu et al. [107]; Naheed et al. [103]; Lin and Nguyen [56] and Zhe et al. [104].

4.2.4. Control Variables

Two control variables are included to account for the influence of company size and profitability on DIVPS. These are company size (SIZE), measured by the natural logarithm of its total assets, and return on assets (ROA), represented by the logarithm of the difference between the market value of assets and their book value. Analyzing these factors allows us to examine how board characteristics moderate the relationship between ESG and DIVPS. Table 3 shows the definition and measurement of the set of variables.

Table 3. Description of variables and measurement.

Variable	Description	Measurement
Dependent variable		
DIPS	Dividend per share	Dividend per share (DPS) is the amount a company pays its shareholders for each share they own.
Independent variables		
ESG score	Environmental, social, and governance	The ESG score is a global score based on self-reported information in the environmental, social, and corporate governance pillars.
Moderating variables		
BCD	Board culture diversity	Percentage of board members from different cultural backgrounds
BGD	Board gender diversity	Percentage of women on the board of directors
BS	Size of the board of directors	Total number of board members
DUAL	CEO duality	The dummy variable that takes on the value 1 if the chairman of the board of directors of the company is simultaneously the CEO, or 0 otherwise.
IND	Board independence	The ratio of independent board members to the total number of board members.
BSS	Board-specific skills	The percentage of board members with financial experience
BC_index	Index of board characteristics	See the sub-section 3.2.2
Control variables		
SIZE	Size of company	Natural logarithm of total assets
ROA	Return on assets	Natural logarithm of the ratio between the market value and the balance sheet value of assets.

Note: This table presents the definitions of the variables used in the context of our research.

4.3. Empirical Approach

In this study, we used the System GMM model, which is efficient for addressing endogeneity issues that often arise in company finance research. Endogeneity can cause biases in our estimates, leading to unreliable results. The SGMM method was first introduced by [Blundell and Bond \[122\]](#). It helps to mitigate these problems by using internal instruments within the data itself. This makes the results more reliable compared to other methods like ordinary least squares (OLS) or fixed and random effects models, which can be affected by missing variables or measurement errors. Biases from missing variables and measurement mistakes are common in other estimation approaches, highlighting the importance of SGMM. It is widely used in finance and banking studies, especially when analyzing factors that influence bank performance [\[123\]](#) and how companies decide on their capital structures [\[124\]](#). By effectively reducing the distortions caused by endogeneity, SGMM helps produce more accurate and consistent results, making it a go-to choice for analyzing panel data in corporate finance.

In this study, the empirical strategy investigates the moderating effect of board characteristics on the relationship between corporate social responsibility and dividend payout. The econometric model is provided in the following equation:

$$DIVPS_{it} = \beta_0 + \beta_1 DIVPS_{it-1} + \beta_2 ESG_{i,t} + \beta_3 \sum_{i=1}^6 BC_{i,t} + \beta_4 \sum_{i=1}^6 (ESG * BC)_{i,t} + \beta_5 ROA_{i,t} + \beta_6 SIZE_{i,t} + \varepsilon_{it} \quad (4)$$

Where;

$\sum_{i=1}^6 BC$: Is a matrix of board characteristics including BS, DUAL, IND, BGD, BCD, and BSS.

$\sum_{i=1}^6 ESG * BC$: Is a matrix of interaction between CSR measured by ESG score and board characteristics.

5. EMPIRICAL RESULTS

5.1. Descriptive Statistics and Correlation Matrix

The descriptive statistics are provided in [Table 4](#), highlighting significant variability in the characteristics of the analyzed companies. The Return on Assets (ROA) has an average of 4.58%, with considerable dispersion, indicating notable differences in company performance. The average company size is 21.44, with a standard deviation of 1.99, ranging from 8 to 27.13. Regarding ESG scores, there is high variability, with an average of 58.53 and a standard deviation of 18.30, suggesting that some companies are highly committed to these practices, while others are less so. The number of board members varies significantly, with an average of 9.98 and a standard deviation of 3.71, ranging from 3 to 30 members, which can influence decision-making processes and governance. CEO duality, though rare, has an average of 0.139 and shows significant variability, potentially impacting the company's governance structure. The proportion of independent members on boards of directors varies widely, with an average of 60.51% and a standard deviation of 21.75, reflecting boards with varying levels of independence. Regarding gender and cultural diversity, the averages are 30.95% and 31.64%, respectively, but the large standard deviations indicate a wide disparity in the representation of women and different cultures, with values ranging from 4.16% to 100%. Finally, financial expertise also shows considerable variability, with an average of 39.16% and a standard deviation of 19.97, indicating diverse levels of expertise among board members, which can influence financial decision-making.

Table 4. Summary statistics.

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
ROA	13,760	4.587	14.0	-346.069	236.782
TAILLE	13,760	21.446	1.99	8.006	27.132
ESG	13,760	58.537	18.30	0.627	95.766
BS	13,760	9.984	3.71	1	30
DUAL	13,760	0.139	0.34	0	1
IND	13,760	60.513	21.75	3.33	100
BGD	13,760	30.95	11.85	4.16	100
BCD	13,760	31.64	24.15	4.34	100
BSS	13,760	39.167	19.97	3.57	100
ESG*BS	13,760	612.05	342.94	4.84	1965.83
ESG*DUAL	13,760	60.12	17.63	1.80	94.11
ESG*IND	13,760	60.51	21.75	3.33	100
ESG*BGD	13,760	1882.37	965.06	6.26	5717.09
ESG*BCD	13,760	2045.58	1719.29	62.67	9518.49
ESG*BSS	13,760	2272.94	1299.87	13.71	7695.28

Note: * an interactional relationship between CSR and board characteristics.

Table 5 presents the correlation matrix. Pearson correlation coefficients were calculated to examine the associations among the independent variables. The Pearson correlation matrix does not show any correlation values equal to or greater than 0.8 [125]. The results indicate that there are no issues of multicollinearity in this analysis, as the correlations between the variables remain below 0.80. Moreover, all variables related to board characteristics exhibit a significant positive correlation.

5.2. Discussion of the Empirical Findings

In this subsection, we present and discuss the empirical results for the entire sample. Specifically, we interpret the results of the empirical strategy, which examines the moderating role of board characteristics on the relationship between the overall ESG score and dividend payout. We estimate six models, as we have six board characteristics. The empirical results obtained using the SGMM techniques are presented in Table 6.

Table 5. Correlation matrix.

Variables	ROA	SIZE	ESG	BS	DUAL	IND	BGD	BCD	BSS	ESG*BS	ESG*DUAL	ESG*IND	ESG*BGD	ESG*BCD	ESG*BSS
ROA	1.0000														
SIZE	0.0611* 0.0000	1.0000													
ESG	-0.0366* 0.0006	0.5857* 0.0000	1.0000												
BS	-0.0782* 0.0000	0.5705* 0.0000	0.4042* 0.0000	1.0000											
DUAL	0.0190* 0.0311	0.2070* 0.0000	0.0460* 0.0000	0.1419* 0.0000	1.0000										
IND	0.0043 0.6960	0.0174 0.1116	0.1923* 0.0000	-0.2922* 0.0000	-0.1615* 0.0000	1.0000									
BGD	0.0047 0.6668	0.0235* 0.0318	0.1779* 0.0000	-0.0263* 0.0160	0.0516* 0.0000	0.0957* 0.0000	1.0000								
BCD	0.0197 0.1672	0.0133 0.3509	0.0478* 0.0008	-0.2539* 0.0000	-0.0137 0.3393	0.2260* 0.0000	-0.0886* 0.0000	1.0000							
BSS	0.0615* 0.0000	-0.1161* 0.0000	-0.1070* 0.0000	-0.2458* 0.0000	-0.0158 0.1486	-0.0083 0.4584	-0.1276* 0.0000	0.1294* 0.0000	1.0000						
ESG*BS	-0.0718* 0.0000	0.6884* 0.0000	0.7685* 0.0000	0.8680* 0.0000	0.1164* 0.0000	-0.0874* 0.0000	0.0788* 0.0000	-0.1566* 0.0000	-0.2245* 0.0000	1.0000					
ESG*DUAL	0.0032 0.7864	0.5903* 0.0000	1.0000* 0.0000	0.3956* 0.0000	0.2070* 0.0000	0.1776* 0.0000	0.1844* 0.0000	0.0255 0.3963	-0.1411* 0.0000	0.7661* 0.0000	1.0000				
ESG*IND	0.0043 0.6960	0.0174 0.1116	0.1923* 0.0000	-0.2922* 0.0000	-0.1615* 0.0000	0.0633* 0.0000	0.0957* 0.0000	0.2260* 0.0000	-0.0083 0.4584	-0.0874* 0.0000	0.1776* 0.0000	1.0000			
ESG*BGD	-0.0117 0.2871	0.3581* 0.0000	0.6842* 0.0000	0.1987* 0.0000	0.0634* 0.0000	0.1692* 0.0000	0.8063* 0.0000	-0.0290* 0.0475	-0.1425* 0.0000	0.4800* 0.0000	0.6605* 0.0000	0.1692* 0.0000	1.0000		
ESG*BCD	0.0326* 0.0226	0.2004* 0.0000	0.3841* 0.0000	-0.1330* 0.0000	0.0006 0.7641	0.2832* 0.0000	-0.0237 0.1051	0.9031* 0.0000	0.0734* 0.0000	0.0798* 0.0000	0.3416* 0.0000	0.2832* 0.0000	0.1706* 0.0000	1.0000	
ESG*BSS	0.0248* 0.0229	0.2035* 0.0000	0.4426* 0.0000	-0.0204 0.0619	0.0025 0.7161	0.1062* 0.0000	-0.0142 0.2070	0.1539* 0.0000	0.7998* 0.0000	0.1879* 0.0000	0.4631* 0.0000	0.1062* 0.0000	0.2242* 0.0000	0.2789* 0.0000	1.0000

Note: *, indicates the significance level at 5%.

Table 6. Regression results.

DIVPS	M (1)	M (2)	M (3)	M (4)	M (5)	M (6)
DIVPS (-1)	-0.306 -355.85***	-0.311 -643.03***	-0.308 -745.09***	-0.309 -587.84***	-0.311 -328.30***	-0.308 -751.45***
SIZE	0.266 4.290***	0.341 5.720***	0.313 5.590***	0.386 7.110***	0.173 2.850***	0.344 6.340***
ROA	0.363 16.830***	0.425 21.790***	0.442 27.810***	0.448 26.060***	0.357 16.140***	0.443 27.360***
ESG	0.075 5.360***	0.070 16.210***	0.040 8.330***	0.039 6.490***	0.014 3.060***	0.013 3.210***
BS	-0.020 -0.390					
ESG*BS	-0.003 -2.440**					
DUAL		-0.694 -0.590				
ESG*DUAL		-0.062 -3.420***				
IND			0.003 0.580			
ESG*IND			0.062 3.420***			
BGD				0.056 3.120***		
ESG*BGD				0.001 2.130**		
BCD					0.155 2.920	
ESG*BCD					0.002 0.430***	
BSS						0.001 0.100
ESG*BSS						0.001 2.530**
CONS	-6.977 -5.510	-8.789 -7.120	-8.415 -7.400	-9.561 -8.390	-4.949 -3.940	-8.859 -7.940
AR (1)	-1.0285	-1.0378	-1.0377	-1.0387	-1.0336	-1.0386
Prob	0.3037	0.2994	0.2994	0.2989	0.3013	0.2990
AR(2)	0.9962	0.9971	0.9964	0.9961	0.9955	0.9968
Prob	0.3191	0.3187	0.3190	0.3192	0.3195	0.3188
Sargan test	108.771	150.165	140.706	159.077	110.397	141.769
Prob	0.5122	0.4145	0.5927	0.5968	0.5958	0.5879
Obs	10321	10321	10321	10321	10321	10321

Note: *** and **, indicate the significance level at 1% and 5%.

For model (1) regarding the impact of the interaction between BS and ESG on dividend payouts, we note that the variable DIVPS (-1) has a negative coefficient of -0.306. Each unit increase in DIVPS (-1) leads to a decrease of 0.306 in the present value of DIVPS. This result implies that the current dividend distribution is negatively associated with the dividend of the previous year.

In Model (1), results show that the coefficient of the interaction between ESG and board size (ESG*BS) is negative and significant. This suggests that although ESG practices generally have a positive effect on dividend payout, this impact tends to diminish as board size increases. This trend could be explained by higher costs associated with management complexity or slower decision-making within larger governance structures, as highlighted by agency theory [Jensen and Meckling \[24\]](#) and resource-based theory [Barney \[28\]](#). Instead of strengthening the relationship between ESG performance and dividend policy, a larger board size appears to weaken it. Consequently, the hypothesis that board size would positively moderate this relationship is not supported by the empirical results; therefore, we reject hypotheses H1 and H1a.

Model (2) examines the effect of the interaction between CEO duality and ESG performance on dividend distribution. The results indicate that CEO duality is associated with a significant decrease in dividend payouts (DIVPS), suggesting that the concentration of decision-making power in a single individual may lead to a less favorable dividend policy for shareholders. Furthermore, the coefficient of the (ESG*DUAL) interaction is negative and significant, indicating that although ESG practices generally have a positive impact on dividends, this effect is weakened in the presence of CEO duality. This confirms that concentrated decision-making power can limit the expected benefits of ESG initiatives. Hence, we reject hypotheses H2 and H2a. The result aligns with agency theory, Jensen and Meckling [24], which posits that such concentration may reduce the incentive to maximize shareholder interests, as well as stakeholder theory [2], which emphasizes the importance of balanced governance in addressing stakeholder concerns. These results match up pretty closely with what Ahmad et al. [17], Afzalur et al. [126], Beji et al. [55], and Lin and Nguyen [56] found in their studies.

The model (3) estimates the interaction between the presence of independent directors and ESG performance (ESG*IND). This interactional relationship has a positive and significant effect on dividend distribution. This suggests that companies with strong ESG scores benefit more from the influence of independent directors, which strengthens the positive effect of CSR practices on dividend policy. According to agency theory, these directors improve oversight and transparency, while stakeholder theory highlights their role in balancing interests. Signaling theory also indicates that this ESG engagement sends a positive message to the markets. In summary, these results confirm that board independence strengthens the relationship between ESG practices and dividend distribution, thereby validating hypotheses H3 and H3a. The results are consistent with the research of Al Fahli [127]; Celentano, et al. [128]; Di Guida, et al. [129], and Agarwala, et al. [85].

Results of Model (4) show that the coefficient of the interaction variable (ESG*BGD) is positive. This indicates that gender diversity slightly strengthens the positive effect of ESG practices on dividend distribution. This suggests that the presence of women on the board of directors enhances the impact of ESG practices. Having gender diversity on a team can boost the company's dividends, and this positive effect becomes even stronger when the organization also performs well in environmental, social, and governance (ESG) performance.

According to diversity theory and stakeholder theory, mixed governance improves decision-making and risk management. In summary, gender diversity, by enhancing the impact of ESG practices, confirms hypotheses H4 and H4a regarding the positive moderating effect on the relationship between CSR and dividend distribution. These results are consistent with the works of Ye et al. [91] and Wong et al. [92].

The findings of Model (5) relate to the interaction between ESG performance and board cultural diversity (ESG*BCD). Results indicate that this interaction is not statistically significant. While cultural diversity has a significant positive impact on dividend distribution, this interaction does not exert a significant effect. According to agency theory, cultural differences complicate coordination and increase costs, which may limit the impact of ESG practices. Legitimacy theory suggests that the effectiveness of ESG practices depends on the context and stakeholders' perceptions. The results show that companies with greater cultural diversity generally distribute more dividends, but the interaction with ESG does not have a significant moderating effect. In conclusion, although both ESG performance and cultural diversity are individually beneficial, their combination does not significantly impact dividend distribution policy. Therefore, hypotheses H5 and H5a regarding a positive moderating effect of cultural diversity are rejected.

Model (6) analyzes the interaction between ESG performance and the financial expertise of board members (BSS) on dividend distribution. The results show that this interaction is significant. This implies that financial expertise slightly strengthens the positive effect of ESG practices on dividends. According to agency theory, financial expertise helps improve resource management, reduce information asymmetry, and promote more efficient profit allocation. Signaling theory explains that such a profile sends a positive signal to investors, while stakeholder theory emphasizes a balance between financial performance and social responsibility. Hence, hypotheses H6 and

H6a are accepted. Although financial expertise alone does not directly influence dividend policy, the interaction between ESG and financial expertise enhances the positive effect of ESG on distribution. This suggests that financial expertise enables a better understanding of ESG issues, leading to more favorable distribution decisions for shareholders. The results confirm the findings of prior studies by Naheed et al. [103], Lin and Nguyen [56], and Zhe et al. [104].

5.3. Robustness Check: The Use of an Index of Board Characteristics (BC_Index)

To check the robustness of our results, we conducted a robustness test following the methods proposed by Ahamed and Mallick [130] and Sarma [131]. The characteristics of the board of directors were measured using an index. The construction of this index was explained in detail in subsection 3.2.2. The results are presented in Table 7. This table shows that the p-values for the Sargan test and the serial correlation test (AR2) are above 5%. Therefore, we did not reject the null hypothesis of correct model specification.

Table 7. Result of the estimation using the index of board characteristics (BC_Index).

DIVPS	Coef.	Std. err.	z	P>z
DIVPS (-1)	-0.009	0.001	-6.790	0.000***
ESG	0.014	0.004	3.500	0.000***
BC_index	-12.298	0.441	-27.870	0.000***
ESG * BC_index	0.436	0.009	50.470	0.000***
SIZE	0.039	0.008	5.020	0.000***
ROA	0.015	0.005	3.130	0.002***
Cons.	-1.683	0.205	-8.210	0.000***
AR(1)		-1.234		
Prob.		0.2172		
AR(2)		-.99559		
Prob		0.3195		
Sargan test		25.8339		
Prob.		0.9745		
Obs.		13750		

Note: *** indicates a significance level of 1%.
ESG*BC_index indicates an interactional relationship between CSR and board characteristics.

The results of this model show that all the included variables have a statistically significant impact on the dependent variable, with p-values below 1%. The DIVPS (-1) coefficient indicates a significant negative relationship, suggesting that an increase of one unit in DIVPS from the previous year is associated with a decrease of 0.009 in the dependent variable. ESG also shows a positive and significant relationship, with an increase of one unit in the ESG indicator linked to an increase of 0.014 in the dependent variable. In contrast, the BC_index has a negative coefficient (-12.298), indicating that an increase in the BC_index leads to a decrease of 12.298 in dividend payouts. The interaction between ESG and the BC_index is also significant, highlighting that the impact of ESG on the dependent variable is influenced by the BC_index. The firm size, with a coefficient of 0.039, suggests a positive relationship. When a company's size increases by 1%, its dividend payouts tend to rise slightly, by approximately 0.039. Similarly, the company's profitability also shows a positive relationship, with a coefficient of 0.015, suggesting that more profitable firms are likely to distribute higher dividends. Overall, these findings support the reliability of our model and highlight the importance of the variables examined, demonstrating both direct effects and meaningful interactions.

6. CONCLUSION AND POLICY RECOMMENDATIONS

This paper aims to understand how board characteristics influence the relationship between CSR performance and dividend payments in European firms. To achieve this, we examined data from 1,376 companies across 23 European countries over the period 2014 to 2023, using the SGMM approach as our primary empirical method.

Empirical results suggest that board characteristics play a significant role in shaping a company's commitment to ESG issues and its dividend policies.

In summary, our study confirms that specific features of a company's board have a substantial impact on how ESG performance relates to dividend decisions, highlighting the importance of these characteristics in corporate behavior. Our findings validate the expected influence of certain board characteristics on the relationship between CSR performance and dividend distribution. The study demonstrates that a stronger commitment to CSR significantly affects dividend distribution. This engagement in CSR appears to enhance investor confidence and positively influence their evaluation of the company.

This paper addresses the gap in the relationship between CSR performance and dividend distribution. Additionally, it examines the significance of the moderating effect of board characteristics on this relationship. The findings emphasize its critical role in decision-making, as well as its effectiveness in providing valuable information to investors and stakeholders. Consequently, the interaction between CSR practices and board characteristics serves as a key mechanism for informing stakeholders about corporate social responsibility. Corporate governance refers to a company's decision-making body responsible for setting strategic priorities and objectives in various areas, including financial results that may influence dividend distribution. The board of directors has become an entity increasingly monitored by investors. Therefore, from a conceptual perspective, this research invites us to consider the implications of different board characteristics in the interaction between CSR and dividend distribution.

This analysis highlights the managerial implications of the empirical findings, offering stakeholders tools to evaluate future growth opportunities in a context where corporate governance and board characteristics are crucial. The research emphasizes the importance of the interaction between these characteristics and sustainable practices, providing insights for CEOs and governance bodies to reconsider board composition and promote ethical behavior, particularly through CSR. The findings presented in this paper carry substantial policy implications. They offer critical insights for policymakers and stakeholders. First, the results suggest that policymakers should promote stricter regulations regarding board transparency and diversity to enhance accountability and the integration of sustainable practices into corporate strategies. Second, they highlight the need for incentive-based policies to encourage CSR, particularly through tax benefits or certifications that recognize ethical and environmental commitments. Third, they call for a revision of regulatory frameworks to explicitly incorporate ESG criteria into corporate evaluation mechanisms, enabling a more effective allocation of public and private resources.

Although the results of this paper are interesting, this study has some limitations. First, it does not take into account national differences in CSR practices and corporate governance, and it is limited to a European sample due to data availability. Second, additional variables, such as macroeconomic and institutional factors, could be included in the econometric model to explore the relationship between CSR, dividend payouts, and the moderating role of board characteristics. Future research could address these limitations by expanding the sample to other regions and exploring additional factors influencing the relationship between CSR and dividend distribution, using data from third-party platforms for a more comprehensive analysis. Additionally, including other economic and institutional variables could improve the results of this study.

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