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Exploring the mediating role of corporate social responsibility in the connection between board competence and corporate financial performance amidst global uncertainties

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Abstract

Despite the growing literature on corporate social responsibility (CSR), little is known about how the board of directors' competence can affect the CSR-financial performance relationship during severe uncertainties such as the COVID-19 outbreak. This paper focuses on exploring the mediating role of CSR in the connection between board competence and corporate financial performance amidst global uncertainties. The sample consists of Jordanian companies listed on the Amman Stock Exchange. Data were analyzed using the partial least square structural equation modeling. The findings show that boards' CSR competence has a direct and indirect positive impact on financial performance. Therefore, boards of directors' CSR competence can be seen as enablers for CSR activities. In this regard, companies could invest more in qualifying board directors to be socially responsible and enhance their role in improving corporate financial performance. This study identifies and provides empirical evidence on a critical enabler of CSR activities (i.e., boards of directors' CSR competence) from a developing country perspective. This, in turn, could widen the management and other stakeholders' understanding of CSR-enhancing factors and therefore increase its efficiency. We provide theoretical and practical implications to guide regulators and businesses to ensure sustainable development.

KEYWORDS
boards of directors' competence, corporate financial performance, corporate social responsibility, resource dependency, sustainable development

1 | INTRODUCTION

The COVID-19 pandemic has renewed the debate about the need for effective corporate social responsibility (CSR) practices through sound corporate governance to develop a resilient and sustainable system (Hassan et al., 2020, 2021a; Khatib, Abdullah, Elamer, & Abueid, 2021; Khatib, Abdullah, Elamer, Yahaya, & Owusu, 2021; Warmate et al., 2021). Organizations have articulated their values and commitments regarding the environment, workers, stakeholders, and governance through public statements (Alnabsha et al., 2018; Alshorman et al., 2022; Amin et al., 2022). For example, many organizations regularly report on their social and environmental performance (Lyon, 2004). Pursuing CSR activities has been shown to give companies a competitive edge over their rivals by building a positive public image or reputation, leading to higher revenues and return on investment (Barauskaite & Streimikiene, 2020). Rapid technological advancements and societal developments have increased public awareness of broader business issues, emphasizing the role of companies in the economy and society, and consequently, the growing importance of CSR (Chen & Hung, 2020). While companies aim to maximize profits, they should also contribute to society's well-being through voluntary efforts, as defined by CSR (Barauskaite & Streimikiene, 2020). A socially responsible company is a sophisticated company that ensures its long-term viability while providing immediate and visible benefits (Barauskaite & Streimikiene, 2020; Elmagrhi et al., 2019; McLaughlin et al., 2019; Roberts, Hassan, et al., 2021; Roberts, Nandy, et al., 2021). Therefore, this study aims to examine the influence of boards of directors' competence in promoting and implementing CSR practices on financial performance in Jordanian firms during COVID-19, through the mediating role of CSR.

Smith (1863) initiated the exploration of boards of directors' influence on their respective firms over 150 years ago, an investigation that remains pertinent today (Minichilli et al., 2012). The sustained scholarly attention to the subject underscores the board's pivotal role. Boards not only shoulder significant corporate accountability (Banerjee et al., 2020) but also spearhead comprehensive decision-making encompassing the gamut of the firm's operations (Nguyen & Huynh, 2023). Their purview extends from orchestrating board meetings to liaising with stakeholders (Banerjee et al., 2020), as well as selecting and supervising the organization's executives and addressing critical corporate challenges (Hillman & Dalziel, 2003). In light of this, a socially responsible business is first and foremost a smart business that can not only ensure the continuity of the company in the long run but also bring quick and tangible benefits (Barauskaite & Streimikiene, 2020). Thus, board managers prioritize CSR activities that positively impact financial performance (Alshbili et al., 2019, 2021; Alshbili & Elamer, 2020; Boulhaga et al., 2022; Muff et al., 2022; Omar & Alkayed, 2021). As a result, CSR is ever more on the agenda of business organizations due to its ability to enhance a firm's competitiveness (Maqbool & Zameer, 2018). As well as, corporate responsibility to a larger stakeholder base, such as the environment and society, is becoming the new corporate standard (Muff et al., 2022). Besides that, the evaluative nature of CSR activities helps improve financial performance and correlates with the degree of corporate management efficiency (Cho & Lee, 2017).

Amidst these tumultuous times, there is a discernible shift in leadership paradigms, as delineated by Muff et al. (2022). Corporate leaders are now at the crossroads of not just steering their organizations and interfacing with stakeholders, but also carving out meaningful societal contributions. The United Nations (UN) has underlined the pressing requirement of sculpting a robust, sustainable, and universally inclusive global framework in the aftermath of Covid-19 (Hassan et al., 2021b). The global trepidation and unpredictability instigated by the Covid-19 pandemic since late 2019 have loomed large, jeopardizing both human existence and the world's economic scaffold. The unparalleled speed and magnitude of the Covid-19 contagion's spread have been without historical precedent (Miroshnychenko et al., 2023), culminating in multifarious societal challenges and severe economic and human repercussions globally (Kim, 2022). In response, numerous enterprises have embarked on swift initiatives to bolster their workforce and uplift their local constituencies (Panagiotopoulos, 2021). In the realm of corporate performance in developing nations, Borlea et al. (2017) unveiled connections pertaining to board characteristics, pinpointing particular reservations around training proficiencies mirroring organizational outcomes. Prevailing literature underscores a conspicuous void concerning the depth of proficiency and acumen that boards should inherently possess in steering CSR outcomes, especially within developing landscapes. This void spans across board competency, board heterogeneity, domain-specific expertise, cultural nuances, and the nature of ownership structures, be it predominantly governmental or family-centric (Al Amosh & Khatib, 2021; Borlea et al., 2017; Ghazalat et al., 2017; Haddad et al., 2015; Manrique & Marti-Ballester, 2017; Marashdeh et al., 2021; Nguyen et al., 2023).

Historically, the bulk of inquiries addressing past CSR performance discrepancies have predominantly been rooted in developed countries, owing to the disparate ramifications of CSR undertakings between developed and developing contexts (Manrique & Marti-Ballester, 2017). This narrative is further compounded by the palpable gap in corporate cognizance about the imperatives of CSR, and the extent of CSR disclosures within emergent markets, more so within the Jordanian economic milieu (Al Amosh & Khatib, 2021; Manrique & Marti-Ballester, 2017; Nguyen et al., 2023; Williams, 1999). Furthermore, a glaring lacuna in extant literature pertains to the interplay between corporate governance, emphasizing the board's role, and CSR disclosures. Such explorations remain scant, especially within developing territories (Al Fadli et al., 2019). Consequently, in the backdrop of the Covid-19 crisis, the clamor for enhancing CSR disclosures has accentuated (Omar & Alkayed, 2021). Advocates posit a recalibration of the board compositions within developing countries to augment organizational efficacy and outcomes, which can subsequently shape CSR inclinations and decisions (Cho & Lee, 2017; Mahadeo et al., 2012).

In recent years, the critical role of CSR performance has gained traction in both academic circles and corporate boardrooms, especially in the context of emerging economies. Emerging economies, such as Jordan, with its rich tapestry of age-old traditions juxtaposed with evolving business methodologies, present unique challenges, and opportunities due to their distinct institutional frameworks, governance structures, and socio-economic intricacies. Carroll (1991) posits that board members or managers hailing from diverse cultural backgrounds often bring to the table varied perspectives on CSR, reinforcing the idea that the very interpretation and implementation of CSR activities are deeply influenced by contextual elements unique to each country (Mohy-ud-Din & Raza, 2023). Indeed, given these unique elements, boards in Jordan might indeed perceive and act upon CSR initiatives in a manner distinct from their global counterparts, thus making Jordan an ideal setting for an in-depth exploration of CSR (Eiadat, 2023). Furthermore, the significance of the Jordanian market cannot be understated. Boasting the second-largest capital market in the Middle East and North Africa (MENA) region in terms of market capitalization, Jordan's market heritage traces its origins back to 1930 (Albawwat, 2022). The nation also stands as a testament to global–local collaboration, with several branches of major international corporations allying with local Jordanian businesses and, in the process, upholding rigorous international quality control standards (Abdullatif & Al-Khadash, 2010). While rooted in the Jordanian milieu, the insights from this study are poised to resonate universally, elucidating CSR dynamics pertinent to various emerging economies grappling with comparable challenges. Through this lens, our research aims not just to enrich academic dialog surrounding CSR in such landscapes but also to furnish global businesses with actionable insights, essential for seamless navigation through similar terrains.

This study profoundly expands extant literature by delving deeper into the interface between board competencies, CSR, and financial performance amidst the unprecedented uncertainties ushered in by the Covid-19 pandemic. Several distinct contributions emerge from our inquiry. First, we discern the requisite competencies a board should possess, especially concerning CSR performance during the pandemic. Prior literature has expressed concerns about gaps in the understanding and capabilities of boards, especially regarding CSR performance in the shadow of the pandemic, particularly within developing countries. This encompasses aspects such as board competence, diversity, expertise, cultural dimensions, and the implications of ownership structures, whether predominantly government or family-owned (Al Amosh & Khatib, 2021; Borlea et al., 2017; Ghazalat et al., 2017; Haddad et al., 2015; Manrique & Marti-Ballester, 2017; Marashdeh et al., 2021; Nguyen et al., 2023). Second, the disparity in corporate performance and a conspicuous gap in the comprehension and disclosure levels of CSR, especially in developing markets such as Jordan, underscores the timely relevance of our study (Al Amosh & Khatib, 2021; Manrique & Marti-Ballester, 2017; Nguyen et al., 2023; Williams, 1999). Our research thus serves as a comprehensive guide, spotlighting the board competencies vital for optimal CSR performance and the subsequent enhancement of financial outcomes in such turbulent times. Third, we proffer a pioneering assessment of how boards perceive and strategize their CSR initiatives during the pandemic. This analytical stance is not merely descriptive but seeks to empirically validate the dimensions of CSR actions in these unprecedented times. In doing so, we introduce the "Covid-19-focused approach", an innovative analytical framework that offers a more detailed purview of CSR initiatives under the unique pressures of the pandemic era. Finally, while developed economies have seen burgeoning research in the realm of CSR and financial performance during the pandemic, our work stands out in its intricate exploration of these dynamics within developing economies, addressing a critical lacuna in the academic discourse on this subject.

2 | THEORIES UNDERPINNING CSR RESEARCH

Several theories, such as the stewardship theory, stakeholder theory, and agency theory, have been used to describe the behavior of economic units concerning CSR issues. According to the agency theory, CSR would suggest a waste of company resources that could be employed for value-adding internal projects or returned to shareholders. Furthermore, this argument claims that CSR benefits CEOs because managers utilize CSR to enhance their jobs or other personal goals (Friedman, 2007). In contrast, Freeman (1999) asserts that managers should prioritize satisfying the needs of a wide range of stakeholders, including employees, clients, vendors, and community organizations. Stakeholder theory is the theory upon which this argument is based. It suggests that engaging in some non-financial CSR activities can be advantageous for the company since the lack of these practices may cause various stakeholders to withdraw their support. The stewardship theory (Donaldson & Davis, 1991) is predicated on the notion that managers have a moral obligation to "do the right thing" regardless of how this decision impacts the company's financial outputs (McWilliams et al., 2006, p. 3).

Other theories more directly related to CSR have evolved in addition to these theories that have been employed to find answers to various problems. For example, Branco and Rodrigues (2006) investigate the applicability of resource-based theory to CSR. The authors conclude that the resource-based theory is an excellent starting point when analyzing CSR since it highlights the importance of intangible resources and capabilities as essential sources of corporate success. According to Branco and Rodrigues (2006), resources include the assets that the firm uses to accomplish the activities they are engaged in to convert inputs into outputs and can be classified as tangible or intangible. Capabilities refer to the actions through which resources are used and that the firm engages in to get something done and accomplish its objectives. According to the resource-based theory, the current study argues that the board of directors' competence is seen as an intangible resource that competitors cannot easily copy or buy. This intangible resource can enhance company participation in CSR activities (i.e., capabilities) and, as a result, boost financial performance.

3 | LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Foss et al. (2021) define competence as encompassing the attributes one should possess. Echoing this, IAESB (2019) elaborates that competence encompasses an amalgamation of skills, knowledge, training, and experience. Penrose (1959) further posits that at the heart of a firm's managerial resources lie skills and knowledge. Additionally, Aluchna (2013) defines a board of directors as a selected cohort, entrusted with the mandate to oversee and steer top executive decisions and the operational trajectory of an organization. Elaborating on this, Al-Shammari et al. (2023) underscore the triad of pivotal responsibilities entrusted to the board: oversight, strategic decision-making, and advisory counsel to the CEO. Boards also occupy a cardinal role in advancing Sustainable Development Goals (SDGs) (Guerrero-Villegas et al., 2018) and stewarding communication strategies (Gaa, 2009). To safeguard and advance shareholder interests, the board of directors emerges as the paramount corporate entity (Aluchna, 2013). Within expansive boards, it's commonplace for directors to epitomize a spectrum of expertise, skills, and competencies, capacitating them to assist management in transparently articulating CSR disclosures to their audience.

On another note, the intellectual landscape of CSR, despite being vast (Bessire & Mazuyer, 2012), remains ambivalent in its definitional consensus. The Commission of the European Communities (2001) encapsulates CSR as a voluntary integration by companies of socio-environmental considerations into their operational ethos and stakeholder interactions. This sentiment is mirrored by the World Business Council for Sustainable Development (WBCSD, 1999), which portrays CSR as businesses' pledge to fortify sustainable economic development, synergizing with employees, their kin, the local milieu, and the broader society to elevate their collective well-being. Legitimacy theory further posits that boards, in pursuit of bolstering corporate reputation and securing societal confidence, increasingly champion CSR initiatives, intertwining financial prosperity with CSR achievements (Velte, 2022). In essence, board competence vis-à-vis CSR epitomizes the directors' reservoir of skills and insights that enable them to shepherd organizations towards meaningful CSR contributions, while concurrently buttressing corporate fiscal outcomes.

Few studies have looked at the main link between competency and performance of firms while considering CSR, specifically in developing countries (see, e.g., Leiponen, 2000; Škrinjarić & Domadenik, 2019; Castilla-Polo et al., 2020). The topic of CSR has been thoroughly examined (Ahmed et al., 2021). Many published papers have looked at the primary relationship between CSR and firm performance and found a strong, generally positive relationship (see, e.g., Osagie et al., 2016; Gong et al., 2021; Long et al., 2020; Kaur & Singh, 2021; Braune et al., 2019). The relationship between competence and CSR was found to generally have a strong positive relationship (e.g., Cho & Lee, 2017; Osagie et al., 2018; Quazi, 2003; Shinnaranantana et al., 2013; Wilson et al., 2006). Few studies have looked at CSR in the context of internal/external crises, particularly relevant in light of the Corvid 19 situation (Ahmed et al., 2021; Manuel & Herron, 2020; Hassan et al., 2021; Panagiotopoulos, 2021).

3.1 | Boards' CSR competence and corporate financial performance

Boards of directors, typically comprising prominent shareholders, hold a pivotal position in joint-stock companies (Nguyen & Huynh, 2023). A skilled and CSR-competent board attracts greater investment, subsequently enhancing financial performance. They exert influence over corporate strategy through management oversight and resource allocation (Endrikat et al., 2021). Prior research delineates the association between director competencies—including education, innovation, and skills—and corporate profitability (Kamukama et al., 2017; Leiponen, 2000). Directors possessing board-specific proficiencies specialize in delivering unique business insights, informed by their prior experiences (Hillman et al., 2000). Notably, financially astute directors curtail earnings management practices (Ghazalat et al., 2017). Competent directors provide invaluable advice, enhancing corporate success (Garg & Eisenhardt, 2016), particularly as CSR leaders' efficacy is intimately tied to their competencies (Osagie et al., 2018).

The agency and resource dependency theories underscore board diversity as instrumental in optimizing financial performance (Khan et al., 2022). Echoing this, companies with varied director backgrounds—in terms of gender, education, tenure, and industry experience—display superior financial outcomes (Fayyaz et al., 2023). The board's diverse skills fortify their ability to navigate external uncertainties, significantly influencing organizational outcomes (Dobija et al., 2023; Haynes and Hillman, 2010). Resource dependency theory suggests controlling resources is paramount for organizational success, advocating for resource-rich boards to enhance firm value (Kabir et al., 2023). Empirical studies validate board characteristics—like independence (Kabir et al., 2023), competence (Dobija et al., 2023; Hillman et al., 2000), diversity (Khan et al., 2022), and expertise (Fayyaz et al., 2023)—as influential on financial performance.

Relatedly, during the COVID-19 pandemic, board independence and financial acumen were positively correlated with firm performance (Tarighi et al., 2023), reinforcing agency theory's premises. Concurrently, increased market performance was observed alongside elevated board experience and education, spotlighting board competency's pivotal role during crises (Boshnak et al., 2023). Given the foregoing, we propose the following hypothesis:

Hypothesis 1. A significant positive relationship exists between the knowledgeable and skilled board of directors' CSR competence and corporate financial performance.

3.2 | Board's CSR competence and corporate social responsibility performance

Boards of directors hold multifaceted responsibilities: management (Zahra, 1989), oversight on shareholders' behalf, and resource allocation (Nasrallah & el Khoury, 2021; Weston & Nnadi, 2021). From the perspective of agency theory, effective monitoring is dependent on a board's incentives. Conversely, resource dependence theory proposes that boards' provision of resources is directly related to their capital (Hillman & Dalziel, 2003). Such resources encompass expertise and networks, pivotal for a firm's performance (Endrikat et al., 2021; Pfeffer & Salancik, 1978).

The realm of CSR has expanded managerial decision-making (Braune et al., 2019). Osagie et al. (2016) argue that CSR professionals need profound awareness of CSR trends, translating these into economic opportunities. Such translation necessitates business acumen, organizational knowledge, and the capability to frame a business-oriented CSR argument. Shinnaranantana et al. (2013) discerned distinct skills needed for CSR management, suggesting a competency framework. Global studies, like Beji et al. (2020) and Cho and Lee (2017), illustrate the positive correlation between board diversity, management efficiency, and improved CSR. Similarly, a study by Quazi (2003) highlighted the influence of education and training on managers' CSR perspectives, further emphasizing the importance of industry experience in strategic contributions (Ozdemir et al., 2021).

In recent research, Al-Shammari et al. (2023) postulate that a board's CSR competence, while valuable, necessitates competent oversight, especially during crises. Echoing resource dependence theory, Naheed et al., (2021) identified a positive relationship between a board's financial proficiency and CSR disclosure in China. Mallin & Michelon (2011) further indicate that board traits, including composition and diversity, influence corporate social performance. Furthermore, using resource dependence and agency theory, Al Lawati & Alshabibi (2023) established that board independence and financial expertise heighten Sustainable Development Goals (SDG) disclosure. Subsequent findings by Maswadi & Amran (2023) reinforced the notion that director expertise augments CSRD quality. Al-Shammari et al. (2023) further substantiate this, advocating for CEO and board experience in CSR, as it enriches their competencies, thus buttressing CSR strategy decisions. Given the foregoing, we propose the following second hypothesis:

> **Hypothesis 2.** A significant positive relationship exists between the knowledgeable and skilled board of directors' CSR competence and the extent of CSR performance.

3.3 | The interplay between board's competence, CSR performance, and corporate financial performance

US managers, given the market implications of CSR decisions, tend to prioritize results that positively affect financial performance (Manuel & Herron, 2020). Business perspectives now frame CSR not as an expense but an investment, fostering a sustainable environment and robust financial health (Coehlo et al., 2023). Implementing CSR acts as a safety net, shielding from default risk and safeguarding shareholder value amidst economic downturns or crises (Braune et al., 2019). Empirical findings predominantly identify a correlation between CSR and business performance indicators such as returns on assets, shareholder returns, and profitability (Braune et al., 2019; Brogi & Lagasio, 2018; Gong et al., 2021; Lin et al., 2020; Sahut & Pasquini-Descomps, 2015).

During the Covid-19 crisis, companies executed myriad philanthropic CSR initiatives (Manuel & Herron, 2020). It's imperative to understand investor considerations of a firm's CSR undertakings in investment decisions (Sahut & Pasquini-Descomps, 2015). Signaling theory suggests CSR as an indicator of healthy financial performance, with increased CSR engagement beneficial for multiple stakeholders (Wu et al., 2020 cited in Kaur & Singh, 2021). Tejerina-Gaite and Fernández-Temprano (2020) emphasize the board as an amalgamation of individual competencies, acting as collective social capital to drive organizational efficiency. The alignment between managerial competence and the strategic objectives behind CSP can ultimately shape firm value (Cho & Lee, 2017). Leaders enhance financial outcomes via superior CSR competencies, a noted competitive advantage (Shaukat et al., 2015). Garca-Sánchez et al. (2020) postulate that adept CEOs invest in socio-environmental endeavors, yielding superior financial returns. Furthermore, corporate governance structures, epitomized by the board of directors, directly influence both financial and CSR performance (Eldaly et al., 2022; El-Dyasty & Elamer, 2022; Jo & Harjoto, 2012; Radu & Smaili, 2021). García-Sánchez & Martínez-Ferrero (2019) underscore CEO capability in endorsing judicious investments, particularly in CSR, to amplify company performance. Ozdemir et al. (2021) also spotlight the pivotal role of board diversity in shaping the CSR-CFP nexus, with findings tilting towards a positive relationship.

In the purview of resource dependence theory, board diversity enriches the boardroom with a plethora of skills and expertise (Hillman et al., 2000), enabling informed decision-making (Ayuso & Argandona, 2007 cited in Arora & Petrova, 2010) and consequently influencing CSR (Dwekat et al., 2020). Efficient managers, as highlighted by Cho and Lee (2017), engage in product-aligned CSR practices, underpinning a strong association between CSP and CFP. Resource dependence theory frames boards as boundary spanners, amalgamating a vast spectrum of knowledge, experiences, and skills to assure organizational sustainability (Hillman & Dalziel, 2003). This competency reservoir propels boards towards CSR endeavors, achieving optimal corporate outcomes. Kaur and Dave (2021) exemplify this dynamic, depicting how firms synchronize CSR initiatives with strategic objectives, transitioning from profit-centric to socially-conscious operations.

Given these insights, a majority of research reflects either a positive or neutral association between Board's competencies, CSR, and financial metrics. Building on this, we propose our third and fourth hypotheses:

> **Hypothesis 3.** A significant positive relationship exists between CSR performance and corporate financial performance.

> **Hypothesis 4.** CSR mediates the relationship between boards' competence and corporate financial performance.

4 | RESEARCH METHODOLOGY

4.1 | Sample and data collection

Data is collected from two sources: the first included data collected through a questionnaire, Questionnaires were distributed to 234 board members from all sectors of ASE via e-mail and WhatsApp between September and December 2021, of which 25 were discarded from statistical analysis due to missing data on the research variables, leaving a total of 200 and nine valid responses. Although, there was difficulty in obtaining information from the target sample at that time, inform them that all information is dealt with in absolute confidentiality.

Beji et al. (2020) demonstrate that large boards favorably relate to all aspects of CSR performance. The answers were rated on a 5-point Likert scale. The respondents' personal information analysis showed that 94% were males. Beji et al. (2020) indicate that board gender diversity is linked with human rights positively. Nearly 63%

TABLE 1 Summary of personal information and questionnaire responses.

Characteristics	No.	Response rate via characteristics
Gender		
Male	197	0.942
Female ale	12	0.057
Age		
30 or less	14	0.067
30–40	45	0.215
40–50	93	0.445
Amore 50	57	0.273
Educational level		
Postgraduate	171	0.818
Undergraduate	38	0.181
Specialization		
Business	143	0.684
Engineering's	34	0.163
Other (e.g., humanities and law)	32	0.153
Experience		
Less than 10 years	87	0.416
Between 10 and 20 years	102	0.488
More 20 years	20	0.096
Total	209	

were more than 40 aged. Beji et al. (2020) show that age diversity positively relates to human resources, human rights, and environmental activities. More, the results showed that 68% had specialized in business, 16% in the engineering field, and 15% in other specializations. The sample research's previous personal information indicated that the respondents had sufficient ability to respond to the study items. In addition, 49% had experienced more than 10 and less than 20 years. Katmon et al. (2017) emphasize the relevance of the board's knowledge and experience in boosting a company's CSR quality (Table 1).

Several Arbitrators reviewed the questionnaire items for format and substance; the items that measured the board of directors competence are based on the professional technical competency requirements standards (IAESB, 2019; Osagie et al., 2016; Osagie et al., 2018) In addition to the previous studies (Al Nashef & Saaydah, 2021; Albu et al., 2011; Cho & Lee, 2017; Gong et al., 2021; Gray et al., 2001; Maqbool & Zameer, 2018; McCarthy et al., 2017; Muff et al., 2020; Suwaidan et al., 2004). Table 1 summarizes the population and sample study.

The second data source included the secondary financial data obtained from the database of all sectors listed in ASE. The study utilizes a comprehensive database that houses both financial and non-financial metrics pertinent to our research focus. This database contains Statements of Financial Position, Comprehensive Income

TABLE 2 Descriptive statistics.

Variables	Mean (SD)
Independent variable – BDC	
COMP1	4.11 (0.72)
COMP2	3.96 (0.80)
COMP3	3.89 (0.79)
COMP4	4.16 (0.75)
COMP5	4.06 (0.73)
COMP6	3.12 (0.81)
COMP7	3.68 (0.78)
COMP8	4.23 (0.74)
COMP9	4.19 (0.72)
COMP10	4.01 (0.72)
COMP11	3.23 (0.82)
COMP12	4.17 (0.78)
Average	3.90 (0.75)
Mediating variable – CSR	
CSR1 – Community	3.12 (0.91)
CSR2 – Human rights	2.97 (1.21)
CSR3 – Human resources	4.03 (0.79)
CSR4 – Environment	3.67 (0.97)
CSR5 – Product quality	4.11 (0.76)
Average	3.58 (0.74)
Dependent variable – CFP	
CFP1 – ROA	3.19 (0.92)
CFP2 – ROE	2.94 (1.10)
CFP3 – EPS	2.37 (1.13)
Average	2.83 (1.05)

Abbreviations: BDC, Boards of Directors Competence; CFP, corporate financial performance; COMP, competence; CSR, corporate social responsibility; EPS, earnings per share; ROA, return on assets; ROE, return on equity.

Statements, Key Financial Ratios, and notable Corporate Governance indicators. Crucially, the database also includes comparative financial statements, facilitating an analysis of corporate performance both before and during the Covid-19 pandemic. Since 2021, the ASE has adopted the XBRL application, known as the Electronic Disclosure System (ASE, 2021). This adoption enhances the ease and accuracy of comparing annual financial statements, particularly in relation to CSR and broader corporate performance, during the specified timeframes. Annual reports are a valuable source of CSR information and corporate financial performance (Lim et al., 2008). Ibrahim and Hanefah (2016) stated that "In Jordan, annual reports are widely used as the main data source for CSR" (Omar & Alkayed, 2021: p. 6). Also, annual reports usually provide information with a high level of credibility (Tilt, 1994).

Industry sectors, banking, insurance, and services, are among the sectors listed in ASE. The number of companies listed on the ASE is 234, as the study population includes 56 industry companies, 16 banking, 22 insurance, and 140 services companies. Large companies make up 39%, Medium companies 38%, and small companies 23%. A total of 209 have been selected from ASE companies, with 25 companies excluded from the sample related to the collection of financial data for several reasons: First, their financial data are incomplete; second, their lack of CSR yet; third, some companies experienced consecutive annual losses; and a part of them was under liquidation. Finally, they noted that the Covid-19 epidemic harmed its business results. Our study's decision to incorporate the financial sector in the sample draws upon its preeminent role in the Jordanian economy. As indicated by Ibrahim and Hanefah (2016), the sector holds a commanding lead, accounting for 67% in terms of both trade volume and the quantity of shares traded, rendering it paramount among all other sectors. By covering a diverse array of business activities, our research offers an in-depth evaluation and critique of CSR undertakings within Jordan. It is imperative to underscore that every firm listed, regardless of its sectoral affiliation, is mandated to adhere to the ASE's stipulations regarding corporate governance and CSR (Ibrahim & Hanefah, 2016). Moreover, while developed countries have exhibited an intensified focus on CSR endeavors amidst the COVID-19 pandemic, there remains a conspicuous absence of empirical investigations centering on CSR actions within the landscape of developing countries (Eiadat, 2023) (Table 2).

4.2 | Constructs measurement

1. *Boards competence as an independent variable*: Boards' competence was measured using items adapted from previous studies that tested for validity and reliability (Albu et al., 2011; Cho & Lee, 2017). CSR involves financial and economic disclosure and environmental and social disclosure (e.g., employee, product, and community issues). Considering only the financial backgrounds of board members will not be sufficient to improve CSR disclosure (Katmon et al., 2017). Furthermore, excellent board skills and background are favorably associated with company asset performance and acceptable dividends to shareholders (Noja et al., 2021). Many internal characteristics, such as a board's efficiency, efficacy, and competency, can impact a company's financial performance (Noja et al., 2021; Skandalis et al., 2008). In the dimension of stakeholder relations, Muff et al. (2020) identified sub-competencies and their sources; on the knowledge side, "The most relevant sub-competencies were identifying and integrating legitimate stakeholder groups, seeing conflict as a foundation for creativity, and dealing with conflicting stakeholder interests. Muff et al. (2020) also mention the skills side "Developing long-term relationships were identified as initiating and moderating a dialog (authentic communication), respecting different interests to reach a consensus (including active listening, respecting other opinions and concerns, and constructive conflict resolution), and initiating and moderating a dialog (authentic communication) (including building trust with others)". Additionally, the attitudes domain includes being sympathetic with a willingness to help others, being open and trustworthy, and embracing the positive aspects of variety. The competencies include the board of directors' ability to analyze financial and non-financial data to provide relevant information for decision-making. Evaluate product and business segment performance. Also, prepare financial reports on planning and budgeting, performance measurement, and benchmarking. Apply techniques to support managerial decisions (IAESB, 2019). In addition, the ability to develop a sustainability strategy by motivating and inspiring and providing direction to others (Osagie et al., 2016). The ability to follow up on developments related to sustainability (e.g., in relation to the environment, personnel, economy, human rights and society) (Osagie et al., 2018). Besides that, interpersonal, communication, personal development, and intellectual skills (IAESB, 2019; Osagie et al., 2016; Škrinjarić & Domadenik, 2019). Appendix A (Table A1) summarizes the questionnaire items.
2. *Corporate social responsibility as a mediating variable*: Most previous studies measured CSR using seven or five dimensions (Gong et al., 2021; Gray et al., 2001; McCarthy et al., 2017; Suwaidan et al., 2004). These dimensions are community, corporate governance, diversity, employee relations, environment, human rights, product quality, and safety. The current study used five dimensions with 30 indicators for CSR: community, human rights, human resources, environment, and product quality. Community: support for education, Donations to charitable bodies, activities sponsoring, conferences and seminars, public health, support in natural disasters times, and road construction (Al Nashef & Saaydah, 2021; Maqbool & Zameer, 2018). Human rights: are represented by support for the right to a decent quality, for instance, providing relief to refugees (Giuliani, 2016) in addition to Torture or cruel (Suwaidan et al., 2004). Engle (2007) indicates that human rights are one of the critical areas associated with CSR, especially in developing countries. Human rights are related to employee health and safety, training, rewards and benefits (Al Nashef & Saaydah, 2021). Environment: According to the legal framework for CSR in Jordan, corporations have been encouraged to follow environmental management criteria (Omar & Alkayed, 2021). This includes land reclamation and afforestation, the effluent treatment plant, the recycling of pollutants and waste, energy conservation/power saving, and sustainability (Maqbool & Zameer, 2018). Product quality and safety dimensions involve the product's research and development, innovation and marketing, a fighting monopoly on goods and services, and focusing on the product's economic and health benefits.
3. *Corporate Financial performance as dependent variable*: There is no consensus on measuring financial performance (Kaur & Singh, 2021; Maqbool & Zameer, 2018). Our study relied on three indexes: return on assets, return on equity, and earnings per share. Return on assets (ROA) describes the organization's profitability and assesses the management's ability to create revenue by using the firm's assets (Lin et al., 2020). Return on equity (ROE) is a different financial value that indicates the amount of the company's income generated compared to the total shareholder equity capitalized or recorded on the company's financial statements (Lin

et al., 2020). Earnings per share (EPS) is the net income after deducting the preference dividend divided by the company's outstanding shares (Kaur & Dave, 2021).

4.3 | Descriptive statistics

Table 3 displays the mean values and the standard deviation for the items of each construct in the research model. The obtained findings are based on a five-point Likert scale questionnaire ranging from 1 to 5. To assist understanding of the items means, the scale may be changed into interval class as follows: "1–1.8 = very low; 1.81–2.60 = low; 2.61–3.40 = moderate; 3.41–4.20 = high; 4.21–5.00 = very high" (Owusu Kwateng & Darko, 2017).

4.4 | Data analysis and results

4.4.1 | Measurement model assessment

The PLS-SEM technique was used to test the current study model. This was founded on two critical factors: CB-SEM required normally distributed data for most of its calculations to produce credible estimates (Kline, 2011). In other words, utilizing the CB-SEM technique with non-normally distributed data would result in a misshaped goodness-of-fit and an underestimation of standard errors, leading to erroneous results and conclusions (Tong & Bentler, 2013). PLS-SEM, unlike CB-SEM, makes no distributional assumptions because it is based on predictor specification, and there are no constraints on the residual covariance structure (Hair, Hollingsworth, et al., 2017). Due to the non-normal distribution of the data, PLS-SEM is the procedure of choice for the current investigation. Second, the current study model is a predictive model in which the emphasis is on predicting the case values of the dependent variables as opposed to (causally) interpreting the structural pathways (i.e., explanatory models) (Hult et al., 2018). PLS-SEM is a prediction-oriented approach to SEM emphasizing models' predictive accuracy based on well-developed causal explanations (Shmueli et al., 2019). This study employs a "causal-predictive" model, which is a form of a predictive model in which causality (i.e., explanation) is used to establish hypotheses based on a well-established research domain (Chin et al., 2020; Shmueli et al., 2019). Path relationships can be interpreted as causal in predictive modeling, in which a model predicts unobserved or new relationships (Figure 1; Chin et al., 2020).

TABLE 3 Measurement model reliability and validity.

Construct	Item	Loading	Alpha	CR	AVE
COMP	COMP1	0.729	0.794	0.806	0.518
	COMP2	0.705			
	COMP3	0.715			
	COMP4	0.817			
	COMP5	0.821			
	COMP6	0.764			
	COMP7	0.767			
	COMP8	0.811			
	COMP9	0.795			
	COMP10	0.748			
	COMP11	0.801			
	COMP12	0.781			
CSR	CSR1	0.702	0.724	0.783	0.540
	CSR2	0.713			
	CSR3	0.821			
	CSR4	0.811			
	CSR5	0.719			
CFP	FP1	0.804	0.768	0.801	0.612
	FP2	0.782			
	FP3	0.764			

Abbreviations: CFP, corporate financial performance; COMP, competence; CSR, corporate social responsibility.

In PLS-SEM, the measurement model's internal consistency reliability should be assessed first, which traditionally relies on the intercorrelations between the various measurement indicators. Based on the assumption that all indicators have equal loadings on their constructs, Cronbach's alpha is used to estimate internal reliability. According to Hair, Hult, et al. (2017), the number of indicators used to measure the latent variable affects this reliability metric. It is generally seen as a conservative measure that understates construct reliability in most instances. As a result of Cronbach's alpha's limitations, PLS-SEM prioritizes the use of composite reliability (CR) to assess the internal consistency reliability of constructs. Using this method, you can get more accurate results because it considers each indicator's loadings (Chin, 1998;Hair, Hollingsworth, et al., 2017; Vinzi et al., 2010). SmartPLS software calculates Cronbach's alpha and CR values for each construct. Both measures have a range of values between 0 and 1, with higher scores indicating more excellent reliability. Cronbach's alpha of 0.7 or greater indicates a satisfactory degree of reliability (Cronbach, 1951; Pallant, 2010). By contrast, CR is typically interpreted similarly to Cronbach's alpha. Between 0.6 and 0.7 indicates satisfactory reliability in exploratory research. While the research is in its advanced stages, values between 0.70 and 0.90 are considered acceptable. However, values greater than 0.95 are discouraged because they imply that all manifest variables refer to the same observation and thus produce an invalid measure of the variable (Hair, Hollingsworth, et al., 2017). According to Table 6.1, the CR value for all constructs is greater than 0.70. Additionally, all constructs have a Cronbach's alpha value greater than 0.70. As a result, the internal consistency reliability of all constructs in the present research is strongly supported.

Convergent validity assesses the degree to which a measurement indicator corresponds positively with the other indicators of a reflective construct. In other words, showing convergent validity requires demonstrating that all indicators of a particular construct accurately reflect the underlying construct. As a result, the indicator should

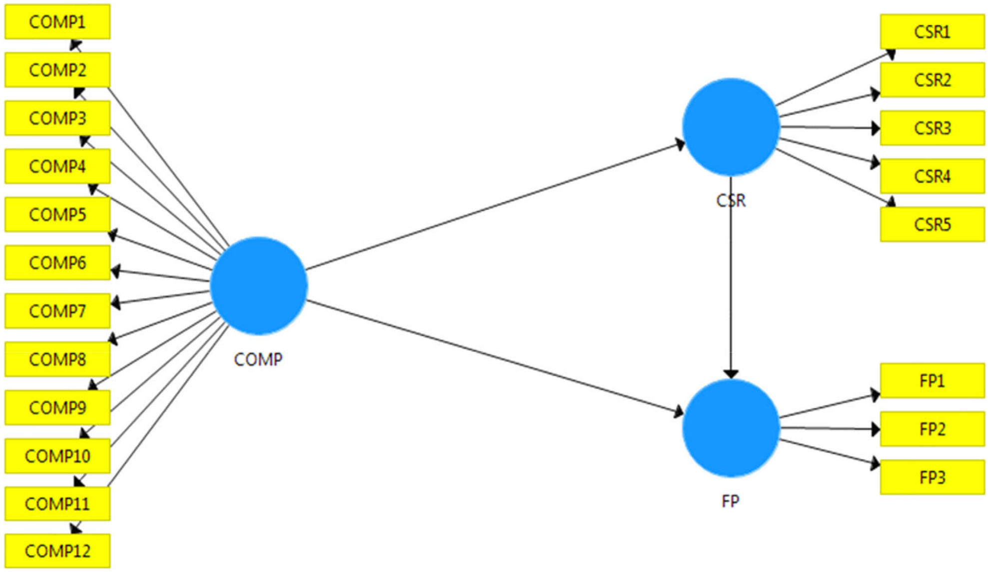

FIGURE 1 The study model. FP, financial performance; COMP, competence; CSR, corporate social responsibility.

correlate with other indicators measuring the same construct (Chin, 1998; Hair, Hollingsworth, et al., 2017). The average variance extracted (AVE) approach is a widely used technique for determining convergent validity. It was created in 1981 by Fornell and Larcker (Vinzi et al., 2010). As a general rule, any construct's AVE value should be more than 0.5.

Another critical factor to consider is the indicator's reliability. This metric assesses the degree to which measurement indicators are meaningfully associated with their constructs. The high loading suggests that the underlying construct captures a large share of the indicator's variance. The suggested outer loading value is 0.708 or above; however, in most circumstances, a value of 0.7 is acceptable because it is close enough to 0.708. Additionally, loading values between 0.4 and 0.7 are permissible, provided deleting the indicator within this range does not affect the composite's reliability or AVE (Hair, Hollingsworth, et al., 2017). The outer loading for the constructs in this study is shown in Table 3.

4.4.2 | Structural model results and discussion

Collinearity issues are examined between independent latent variables at this level (i.e., predictor constructs). Because of the high level of collinearity, determining the exact amount of variation in the dependent latent variable caused by a single predictor variable is challenging (Hair, Hollingsworth, et al., 2017). Hair, Hollingsworth, et al. (2017) advised that a VIF measure is employed to investigate collinearity concerns at the predictor constructs level. To guarantee that predictor constructs are free of collinearity, the VIF value should be between 0.2 and 5.00. The path coefficient estimates the hypothesized relationships between the variables in terms of their nature and strength. The path coefficient has a value between -1 and $+1$. A number greater than zero indicates a positive association whose strength grows as the value approaches 1. Similarly, a number between 0 and -1 shows a negative association that is deemed weaker as it approaches zero. The significance of path coefficients is determined using non-parametric approaches that use t-value-based bootstrapping computations. A T-value greater than 1.65 shows that the path is significant at the $P = 0.10$ level. T-values greater than 1.96 show significance at $P = 0.05$, while more than 2.57 implies significance at $P = 0.01$. As a result, any value greater than the threshold implies the presence of a relationship (Hair, Hollingsworth, et al., 2017; Vinzi et al., 2010). Moreover, the study model's in-sample predictive power is measured using R-squared scores. It also indicates the overall variance in endogenous that exogenous variables can explain the value of R-squared varies between 0.00 and 1.00, with a number closer to 1 indicating more predictive power (Vinzi et al., 2010). R-squared scores of 0.75 and above, 0.25 and 0.75, equal to or below 0.25, and equal to or below 0.25, according to Hair, Hollingsworth, et al. (2017), are deemed strong, intermediate, and weak predictive power, respectively. CSR had the most outstanding R-squared value in this study (0.587), followed by financial performance (0.561). These figures suggest that the study model has a modest in-sample predictive power.

The predictive strength of the study's model within the sample is gauged through the R-squared scores. Essentially, these scores denote the proportion of variance in the endogenous variables that the exogenous ones account for. An R-squared value can oscillate between 0.00 and 1.00, with values nudging closer to 1 being emblematic of heightened predictive strength (Vinzi et al., 2010). Employing benchmarks suggested by Hair, Hollingsworth, et al. (2017), R-squared values that hover around or surpass 0.75, range between 0.25 and 0.75, and reach or descend below 0.25 are categorized as indicative of strong, moderate, and weak predictive powers respectively. Within this research framework, CSR emerges with a superlative R-squared value of 0.587, trailed by financial performance which charts at 0.561. Such metrics intimate that the model proffers a moderate within-sample predictive potency.

In an effort to assay the model's out-of-sample predictive capabilities and its prowess in prognosticating unutilized data in structural computations, the Stone-Geisser metric (Q-squared) is invoked. For the model to be considered robust, the Q-squared value should consistently surpass zero, specifically for its reflective endogenous constructs (Geisser, 1974; Hair, Hollingsworth, et al., 2017). To discern the model's predictive caliber, Hair, Hollingsworth, et al. (2017) propose thresholds: values of 0.02, 0.15, and 0.35 serve as markers for low, medium, and high predictive fortitude respectively. As discerned from this investigation, and elucidated in Table 4, the model boasts a robust predictive capacity, validated by the Q-squared values of its two reflective endogenous constructs.

The results of the structural model test in Table 5 indicate that both H1 and H2 are supported by paths coefficients of 0.594 and 0.601 associated with t-values of 10.215 and 11.245, respectively, that are statistically significant at $P = 0.010$. These findings suggest that competence positively impacts financial performance and CSR. Similarly, the analysis findings support H3 by a path coefficient of 0.682 with a significant t-value of 12.784. These results demonstrate that CSR has a positive influence on financial performance. Moreover, the values of specific indirect effects produced by PLS-SEM are used to test H4. Table 5 illustrates that the specific indirect impact is significant and supports H4 (path coefficient of 0.648 with a t-value of 11.996). More specifically, H4 (COMP → CSR → FP) signifies the positive influence of competence through CSR on financial performance.

Our research paper indicates that managerial efficiency has a vital role in CSR activities that become a direct influence on: first; Community dimension, That is, it makes competent managers think about supporting education, collecting donations to charitable bodies activities, encouraging the sponsoring activities conferences and seminars that contribution in greater awareness towards society, and public healthcare activities especially in light of the Corona epidemic, aid to victims of floods and droughts. Second, human rights: That is, it makes distinguished managers look at solving the problem of unemployment and poverty in society, providing a safe and dignified life for families, and providing educational and health care to refugees. Third, Human Resources: the main view of this dimension is always searching for employee health and safety, training, rewards, and benefits because it creates loyalty towards their work. Fourth, environment: makes managers plan for land reclamation and afforestation—installing a sewage treatment plant. Pollutants and waste are recycled—energy-saving. Finally, product quality makes the clever manager work on the market study; it takes all its dimensions of competition, pricing, health benefits and quality, with the increasing interest in developing and designing the product and placing it on the list of competing products locally and globally. Previous studies confirm the validity of our findings (Albu et al., 2011; Cho & Lee, 2017; Kaur & Singh, 2021; Maqbool & Zameer, 2018; McCarthy et al., 2017; Muff et al., 2020, 2022; Suwaidan et al., 2004). Hrazdil et al. (2022) confirmed that the personal characteristics of corporate executives significantly influence firms' strategic environmental and social decisions. Le and Behl's (2022) findings indicate that resources of the enterprise from the perspective of CG and the board of directors have a significant and positive relationship with firm performance and environmental and social responsibility engagement; this is in line with the resource theory point of view. The upper echelons theory (Hambrick & Mason, 1984) can supplement resource dependency theory by explaining why board directors support CSR which is a vital item in supporting corporate financial performance, universally required across all developing economies, especially Jordan.

The results of this study reinforce the results of previous studies that asserted that board competencies positively impact corporate financial performance (Ahmed et al., 2021; Castilla-Polo et al., 2020; Cho & Lee, 2017; Leiponen, 2000; Osagie et al., 2018; Shinnaranantana et al., 2013; Škrinjarić & Domadenik, 2019). Also, Chen (2011) shows that the board of directors performs a controlling role in addition to supplying vital resources, such as skills, expertise, and knowledge, that agrees with the resource dependency theory. Which contributes improves corporate performance (Pearce & Zahra, 1992). In addition, excellent board skills and background are associated with good asset performance and dividends to shareholders (Noja et al., 2021; Skandalis et al., 2008). The results of this study also support the results of previous studies that linked the positive relationship between boards' competence and CSR performance (Beji et al., 2020; Chen et al., 2022; Cho & Lee, 2017; Lyon, 2004; Osagie et al., 2018; Shinnaranantana et al., 2013). Theoretically, no single theory can explain the relationship between board competence and CSR in emerging countries, but legitimacy theory (Khan

TABLE 4 Hypotheses testing.

Endogenous construct	R-squared	Q-squared
CSR	0.587	0.410
CFP	0.561	0.390

Abbreviations: CFP, corporate financial performance; CSR, corporate social responsibility.

TABLE 5 Hypotheses testing.

H	Path	Path coefficient	T-value	P-value	H supported?
H1	COMP → CFP	0.594	10.512	0.000	Yes
H2	COMP → CSR	0.601	11.245	0.000	Yes
H3	CSR → CFP	0.682	12.784	0.000	Yes
H4	COMP → CSR → CFP	0.648	11.996	0.000	Yes

Abbreviations: CFP, corporate financial performance; COMP, competence; CSR, corporate social responsibility.

et al., 2013), stakeholder theory, resource dependency theory and agency theory (Nguyen et al., 2015) contribute to a look at the relationship on the possibility that board competence may influence CSR, which will then affect firm performance. Hitt and Tyler (1991) indicate that board members with professional education and expertise are considered more sensitive and attentive to social dimensions. Further, the results of this study support the results of previous studies that showed the positive impact of CSR performance and corporate financial performance (Braune et al., 2019; Brogi & Lagasio, 2018; Gong et al., 2021; Kaur & Dave, 2021; Lin et al., 2020; Sahut & Pasquini-Descomps, 2015). Panagiotopoulos (2021) shows that the Covid-19 crisis can be turned into an opportunity for corporations to realize their social role and improve their CSR by highlighting the possible benefits of these crucial CSR activities. As well as, Coehlo et al. (2023) gave a clearer understanding of the connection between businesses' financial performance and CSR initiatives. The results show that CSR has a direct effect on corporate financial performance. Furthermore, we should point out that this is a thorough study whose findings include evaluations of all corporations globally, including those in developing nations (Coehlo et al., 2023). Also, the results supported hypothesis four (Aguinis & Glavas, 2012; Dwekat et al., 2020; García-Sánchez et al., 2020). Garca-Sánchez et al. (2020) show that the Chief Executive is mainly responsible for CSR decision-making. The previous arguments must be extended to the function of his or her managerial decisions in CSR investments, which affect the company's financial performance. Gong et al. (2021) indicate the role of management competency in the impact of CSR on company performance. In line with the resource-based view theoretical point of view, the board of directors is viewed as the source of the company's strategic resources, enabling engagement in CSR activities (Barney, 1991). This will consequently result in improved corporate performance that is sustainable (Barney, 1991).

5 | CONCLUSION

Due to the global commitment to sustainable development, the CSR concept has become a relevant component of modern business management, allowing it to ensure a company's successful functionality (Barauskaite & Streimikiene, 2020). CSR is becoming more popular as giant international companies acquire more control than states (Panagiotopoulos, 2021). During the Covid-19 crisis, we discovered that many businesses engaged in considerable CSR and viewed society as a stakeholder in their business model, even during resource scarcity (Hassan et al., 2021a). Therefore, the board of directors who will receive training and knowledge about CSR will be more interested in the company's financial performance. This paper focuses on the importance of boards' competence and their role in enhancing CSR activities. It also sheds light on the dual impact of the aforementioned interacted variables on corporate financial performance amidst global uncertainties specifically in light of the Covid-19 epidemic. The study focused on companies listed in ASE; the reason for this is that these companies require the presence of managers with high levels of technical competence to participate in the works of CSR; because the Jordanian business environment has become expanding in the multi-field global investments. Modern business management for CSR amidst global uncertainties requires more care and research in all societal dimensions that contribute to improving companies' financial results; and achieving societal stability from its environmental, humanity, human resources and product quality dimensions. We found that the availability of knowledge and skill among corporate managers on boards is positively correlated with improvements in CSR performance; In addition, its positive impact automatically reflects on the corporate financial performance. As a result, rather than treating CSR as a stand-alone activity, executives should integrate it into their overall company plan (Kaur & Singh, 2021).

Dobers and Halme (2009) draw attention to a number of CSR problems in emerging nations. In light of the fact that societies differ in many ways, it follows that firms and their managers have varying skills for comprehending and resolving urgent CSR challenges in various cultural contexts. Jordan is one of the developing countries in which companies need boards of directors that have the ability, analysis, skill, knowledge, and decision-making to achieve the goals sought by societies and companies alike. Therefore, the corporates board of directors must have an essential role in achieving sustainable economic development and strengthening the connection of communication between corporates and society by working on the employment of community individuals, providing charitable activities and donations to poor Jordanian families and supporting youth sectors, supporting health sectors, contributing to reducing environmental pollution. In addition to that, the actual material and moral support for the employees of these companies, whether by distributing cash rewards or holding training courses, enhance their values of sincerity at work. Also, working to improve the quality of products and fair pricing has a significant role in supporting local markets and satisfying consumers. In light of the prevailing global uncertainties emanating from the COVID-19 pandemic, there's a pressing need to bolster our comprehension of corporate CSR activities, both for academic researchers and corporate boards. Setting this study apart from its predecessors is its novel approach: it pioneers the exploration of how the efficacy of a corporate board of directors impacts financial performance, particularly when factoring in an intermediary variable representing CSR, within the context of Jordan—a developing nation. This research not only discerns but also furnishes empirical corroboration of a pivotal catalyst for CSR endeavors, namely board competence, through the lens of a developing country. This insight can potentially amplify the understanding of management and other stakeholders regarding determinants that enhance CSR, consequently augmenting its efficacy. Our findings proffer both theoretical and pragmatic ramifications that could serve as a beacon for regulators and enterprises, steering them towards sustainable development. On the societal front, boards of directors assume an indispensable role, acting as change agents. They can galvanize corporations to augment their investment in CSR undertakings that can, in the long run, mitigate societal issues like crime, poverty, homicide, and unemployment.

5.1 | Contributions

The prior literature indicated a significant gap concerning the level of knowledge and skill that should be owned by the board of directors towards CSR performance during the Covid-19 pandemic has been a source of worldwide concern and uncertainty, specifically in developing countries, including, the board competence, diversity of boards, board expertise and cultural dimensions and ownership structures, whether mainly government or family-owned (Al Amosh & Khatib, 2021; Borlea et al., 2017; Ghazalat et al., 2017; Haddad et al., 2015; Manrique & Marti-Ballester, 2017; Marashdeh et al., 2021; Nguyen et al., 2023). As shown by an apparent disparity in corporate performance, there is still a significant gap in corporate understanding of the significance of CSR and the level of CSR disclosure in developing country markets, specifically, Jordanian markets (Al Amosh & Khatib, 2021; Manrique & Marti-Ballester, 2017; Nguyen et al., 2023; Williams, 1999). In more detail, this paper contributes to several literary fields: first provides a comprehensive guide to the professional competencies that the board of directors' CSR competence must possess to enhance financial performance, particularly in light of current challenges facing developing economies, and second, offers a timely and preliminary assessment of boards of directors' perceptions of strategic CSR actions during the COVID-19 pandemic. Third, to test and validate the important scale dimensions of CSR actions during the COVID-19 pandemic from boards of directors' perspectives by presenting the amidst global uncertainties "COVID-19-focused approach" as a fresh lens to better understand the basic aspects of CSR acts; finally, despite the developed countries' growing interest in CSR research and financial performance during the COVID-19 epidemic.

5.2 | Limitations and directions for future research

This study presents novel contributions to comprehending the impact of board competencies on corporate financial performance via CSR as a mediating factor for Jordanian companies listed in ASE. One of the exciting ways to research in the future, especially in light of the COVID-19 pandemic, which led to an increase in understanding of social responsibility among the companies' boards listed on the ASE, is to activate the disclosure of social responsibility activities more broadly because this leads to attracting more investments that enhance its financial performance. It is also valuable for developing an environment geared towards knowledge and skill, specifically in light of the Corona pandemic. The study has some limitations: the data were collected within companies listed in ASE and is Jordan-based only. The study took just five dimensions of CSR as an intermediate variable representing the community, human rights, human resources, environment, and product quality. Also, and there has been little in-depth research on board of directors characteristics and corporate financial performance in developing countries in recent periods (Assenga et al., 2018).

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APPENDIX A

TABLE A1 Boards of directors competence variable measurement.

Competence variable	Data type	Questioner items
COMP1		I have the ability to analyze financial and non-financial data to provide useful information for management decision-making.
COMP2		I have the ability to assess products and business segment performance
COMP3		I have the ability to prepare reports that focus on planning and budgeting
COMP4		I have the ability to follow up on developments related to sustainability (e.g., in relation to the environment, personnel, economy, human rights, and society).
COMP5		I have the ability to analyze the current and future financial position of an organization, using techniques including ratio analysis, trend analysis, and cash flow analysis.
COMP6	*Primary*	I have the ability to performance measurements and benchmarking
COMP7		I have the ability to develop a sustainability strategy by motivating and inspiring and providing direction to others.
COMP8		I have the skill to display cooperation and teamwork when working towards organizational goals.
COMP9		I have the skill to communicate visibly and concisely when the presentation, discussing and reporting in all areas.
COMP10		I have the skill the apply reasoning, critical analysis, and innovative thinking to solve problems.
COMP11		I have the skill to Undertake assignments in accordance with established practices to meet prescribed deadlines with complying with the organization's quality standards.
COMP12		I have the skill to manage time and resources to achieve goals, anticipate challenges, and plan potential solutions.