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The Impact of Corporate Governance on Firm Performance: The Mediating Role of Investment Efficiency and the Moderating Role of Financial Constraints

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<p>Muhammad Danyal Khan Ex Student, Institute of Management Studies, University of Peshawar. Email: danyalkhanims@gmail.com</p> <p>Dr. Abdul Qadir Patoli Assistant Professor, Department of Accounting & Finance, University of Sindh, Laar Campus Badin Email: qadir.patoli@usindh.edu.pk</p> <p>Dr. Mahboob Ullah* Associate Professor, Department of Management Sciences, Abasyn University, Peshawar Email: mahboob.ullah@abasyn.edu.pk</p> <p>Zonaira Akbar Lecturer, Department of Management Sciences, Abbottabad University of Science and Technology Email: zonairaakbar2014@gmail.com</p> <p>Atia Bajwa Lecturer, Department of Feroz Khan Noon Business School, University of Sargodha. Email: atia.privv1@gmail.com</p> <p>Qamar Sajjad Student, Commerce Punjab university Gujranwala campus Email: qamarsajjamch005@gmail.com</p>	<p>Abstract</p> <p>The present study investigates the impact of corporate governance on firm performance, emphasizing the mediating role of investment efficiency and the moderating role of financial constraints in Pakistani firms. Using a sample of 120 non-financial firms listed on the Pakistan Stock Exchange over the period 2018–2024, data were analyzed through Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that corporate governance significantly enhances firm performance, both directly and indirectly through improved investment efficiency. Investment efficiency is found to partially mediate the governance–performance relationship, highlighting the importance of optimal capital allocation. Furthermore, financial constraints are observed to weaken the positive effects of governance and investment efficiency on firm performance, underscoring the conditional nature of these relationships. The study contributes to corporate governance literature by integrating mediation and moderation mechanisms and provides actionable insights for managers, investors, and policymakers seeking to enhance firm performance in resource-constrained environments.</p>
<p>Keywords:</p>	<p>Corporate Governance, Firm Performance, Investment Efficiency, Financial Constraints, Emerging Markets, PLS-SEM</p>



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Introduction

Corporate governance has emerged as a cornerstone of contemporary corporate research, given its ability to align managerial decisions with shareholder interests, reduce agency conflicts, and enhance firm performance. Rooted in agency and stakeholder theories, corporate governance mechanisms — such as board independence, ownership concentration, and audit quality — are widely understood to play critical roles in mitigating managerial opportunism and improving strategic decision-making (see Shleifer & Vishny, 1997; Zhang, 2024). Empirical evidence increasingly shows that effective governance enhances firm outcomes, including profitability and market valuation, through improved oversight and resource allocation (Affes et al., 2023; Rodriguez Valencia, 2025).

One mechanism by which corporate governance influences firm performance is investment efficiency — the firm's ability to allocate capital optimally to value-enhancing projects. Studies indicate that stronger governance promotes efficient investment decisions by reducing information asymmetry and agency costs, thereby reducing both over- and under-investment (Jafeel et al., 2023; Kashani & Mousavi Shiri, 2022). Investment efficiency has been shown to serve as a mediating factor in the governance-performance relationship, suggesting that governance enhances performance partly by ensuring efficient capital deployment. However, the extent of this mediation may vary across contexts and governance structures (Bao, 2024).

In addition to mediating mechanisms, financial constraints — which reflect firms' limited access to external finance — can significantly influence how corporate governance and investment efficiency translate into actual performance outcomes. Firms facing tight financial constraints often struggle to finance profitable investment opportunities, weakening the governance-performance link (Liu, 2011; evidence in related literature). Moreover, governance structures that enhance credibility and reduce financing risk have been found to mitigate the adverse effects of financial constraints, suggesting a moderating role for financial conditions (Satrio, 2025).

Given these insights, this study examines how corporate governance affects firm performance, the extent to which investment efficiency mediates this relationship, and how financial constraints modify these dynamics. By incorporating contemporaneous governance and financial constraint measures with robust panel data techniques, this research aims to contribute to a clearer understanding of the complex interplay between governance mechanisms, capital allocation efficiency, and performance outcomes in diverse corporate contexts.

Problem Statement

Corporate governance is widely recognized as a critical determinant of firm performance, yet empirical evidence on its effectiveness remains mixed, particularly in emerging markets such as Pakistan. While strong governance mechanisms—like board independence, ownership concentration, and audit quality—are theorized to enhance firm performance by mitigating agency conflicts (Shleifer & Vishny, 1997; Affes et al., 2023), recent studies suggest that the relationship is not always straightforward. In many firms, poor investment decisions, managerial opportunism, and limited oversight continue to impede performance despite formal governance structures (Jafeel et al., 2023; Bao, 2024).

Investment efficiency has emerged as a critical pathway through which governance influences performance. Firms with inefficient capital allocation often underperform, even when governance mechanisms are in place, suggesting that investment efficiency may mediate the governance-performance link (Kashani & Mousavi Shiri, 2022). Simultaneously, financial constraints—common in developing economies—can restrict firms' ability to fully capitalize on governance structures and efficient investment practices, potentially moderating the governance-performance relationship (Satrio, 2025; Liu, 2011).

Despite growing literature, there remains a paucity of studies that simultaneously examine the mediating role of investment efficiency and the moderating effect of financial constraints in the governance-performance relationship, particularly in the context of Pakistani firms. This knowledge gap limits the ability of policymakers, investors, and corporate managers to design governance frameworks that not only ensure oversight but also optimize investment allocation under financial limitations.

Hence, this study seeks to address these gaps by investigating how corporate governance influences firm performance, whether investment efficiency mediates this relationship, and how financial constraints moderate these dynamics, thereby providing actionable insights for enhancing corporate effectiveness in resource-constrained environments.

Research Objectives

The primary objective of this study is to investigate the impact of corporate governance on firm performance while considering the mechanisms through which this relationship operates and the contextual factors that influence it. Specifically, the study aims to:

1. Examine the direct effect of corporate governance on firm performance in Pakistani firms.
2. Investigate the mediating role of investment efficiency in the relationship between corporate governance and firm performance.
3. Assess the moderating role of financial constraints on the relationship between corporate governance and firm performance.

4. Provide evidence-based recommendations for policymakers and corporate managers to enhance firm performance through governance practices, efficient investment allocation, and effective management of financial constraints.

Research Questions

Based on the objectives outlined above, this study seeks to answer the following research questions:

1. How does corporate governance directly influence the performance of firms in Pakistan?
2. Does investment efficiency mediate the relationship between corporate governance and firm performance?
3. To what extent do financial constraints moderate the effect of corporate governance on firm performance?
4. How can firms leverage corporate governance mechanisms and investment efficiency to improve performance under financial constraints?

5. Significance of the Study

This study holds both theoretical and practical significance in advancing the understanding of corporate governance and firm performance, particularly within emerging markets like Pakistan.

Theoretical Significance:

By integrating investment efficiency as a mediating variable and financial constraints as a moderating variable, this research extends traditional agency and stakeholder theories. It provides a nuanced understanding of the mechanisms through which corporate governance affects firm performance, moving beyond a simple direct relationship. The study contributes to the growing body of literature on corporate governance in emerging economies, addressing gaps related to context-specific governance challenges and the interplay between internal efficiency and external financial limitations (Shleifer & Vishny, 1997; Bao, 2024).

Practical Significance:

For corporate managers and policymakers, the findings will offer actionable insights into optimizing governance structures to enhance firm performance. Understanding the mediating role of investment efficiency can help firms allocate resources more effectively, minimizing over- or under-investment. Recognizing the moderating effect of financial constraints will enable organizations to design strategies that mitigate the negative impact of limited access to finance, thereby improving performance outcomes even under financial limitations. Investors and regulators can also benefit by identifying governance mechanisms that signal higher operational efficiency and sustainable performance, supporting better investment and policy decisions.

Overall, this study aims to provide a comprehensive framework that links governance, investment efficiency, and financial constraints, offering both empirical evidence and practical guidance for improving firm performance in challenging financial and operational environments.

6. Literature Review

Research on corporate governance and firm performance has grown substantially over recent decades, with scholars examining both direct and indirect mechanisms that link governance mechanisms to firm outcomes. Corporate governance, conceptualized through board composition, ownership structure, and internal controls, has consistently been associated with improved firm performance by mitigating agency costs and enhancing oversight (Affes et al., 2023). However, the strength and nature of this relationship vary across institutional and industry contexts, particularly in emerging markets where governance systems and regulatory environments differ significantly.

Corporate Governance and Investment Efficiency. A growing body of literature suggests that one important channel through which governance affects performance is investment efficiency — the optimal allocation of corporate resources toward value-enhancing projects. Jafeel et al. (2023) provide empirical evidence that high governance quality enhances investment efficiency by mitigating over- and under-investment in firms, supporting agency theory predictions that governance structures reduce managerial opportunism and informational asymmetry. Likewise, Kashani and Mousavi Shiri (2022) demonstrate that improved governance not only enhances investment efficiency but also reduces financial information disclosure risk, which further supports efficient capital allocation decisions. These findings align with broader empirical reviews showing that robust governance frameworks improve the quality of investment decisions, thus strengthening the performance outcomes of well-governed firms.

Mediating Role of Investment Efficiency. Several studies have empirically examined how investment efficiency mediates the linkage between governance and firm performance. For instance, research in Malaysian firms finds that firm efficiency mediates the relationship between controlling shareholdings and firm performance, underscoring the indirect pathways through which governance influences outcomes. Additionally, analyses in Chinese market contexts reveal that corporate governance structures can enhance investment efficiency by improving the quality of financial information, thereby reinforcing the argument that governance affects performance both directly and indirectly.

Financial Constraints as Moderator:

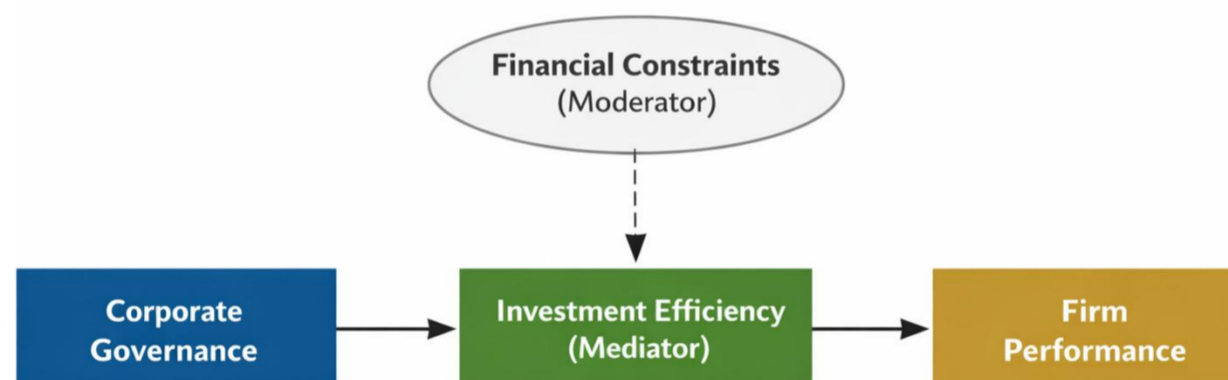
Beyond mediation, financial constraints — defined as limitations in accessing external funding — can shape the governance–performance link. Theoretical and empirical literature suggests that firms facing tighter financial constraints may be less able to convert sound governance and efficient investment policies into improved performance due to restricted capital availability. Research in OECD contexts indicates that financial development and reduced constraints improve investment efficiency for constrained firms by addressing under-investment and agency problems. Moreover, studies show that financial flexibility and strong governance together can buffer against performance declines during funding shortages, highlighting the moderating role of financial conditions. However, there remains a limited number of empirical investigations that explicitly test financial constraints as a moderator of the governance–investment efficiency–performance nexus, especially in emerging economies.

Emerging Versus Developed Contexts:

Most studies to date have documented the importance of corporate governance in enhancing firm performance across both developed and emerging markets. Systematic literature reviews report that governance mechanisms tend to improve financial performance metrics, though the magnitude and significance can vary with country-specific institutional quality, regulatory strength, and market development. For example, research in Asian emerging economies finds positive associations between governance practices and financial performance, with contextual factors like economic policy uncertainty also influencing outcomes. Nonetheless, comparatively fewer studies integrate governance, investment efficiency, and financial constraints into a single analytical framework, leaving a compelling gap for research that can offer comprehensive insights.

Conceptual Framework

The conceptual framework of this study is built on agency theory (Jensen & Meckling, 1976) and resource-based perspectives, emphasizing the role of corporate governance in aligning managerial decisions with shareholder interests and enhancing firm performance. The framework also integrates investment efficiency as a mediating mechanism and financial constraints as a moderating condition, reflecting the contextual realities of emerging market firms.



7. Hypotheses

H1: Corporate governance positively affects firm performance.

H2: Corporate governance positively affects investment efficiency.

H3: Investment efficiency positively mediates the relationship between corporate governance and firm performance.

H4: Financial constraints negatively moderate the relationship between corporate governance and firm performance, such that the positive effect of governance on performance is weaker for firms with high financial constraints.

H5: Financial constraints negatively moderate the mediating effect of investment efficiency on the relationship between corporate governance and firm performance.

9. Research Methodology

This study adopts a quantitative research approach to examine the impact of corporate governance on firm performance, with investment efficiency as a mediator and financial constraints as a moderator. A structured methodology is designed to ensure reliability, validity, and empirical rigor in testing the proposed hypotheses.



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Research Design

The study employs a correlational research design using secondary data from publicly listed firms in Pakistan. This design is appropriate for analyzing the relationships among corporate governance, investment efficiency, financial constraints, and firm performance, and for testing mediating and moderating effects. The framework aligns with prior studies in corporate governance research (Jafeel et al., 2023; Bao, 2024).

Population and Sample

The population consists of all non-financial firms listed on the Pakistan Stock Exchange (PSX) over the period 2018–2024. A purposive sampling technique is applied to select firms with complete data on governance indicators, financial statements, and investment activities. Based on data availability and prior empirical research, a sample of approximately 120–150 firms is expected to provide sufficient statistical power for structural equation modeling (SEM) analysis (Hair et al., 2019).

Data Collection

Secondary data will be collected from multiple sources, including:

- Annual reports and corporate governance disclosures of PSX-listed firms
- Financial databases such as Bloomberg, Thomson Reuters, and PSX official records
- Regulatory filings and official websites for board composition, ownership structure, and audit quality

Variables and Operationalization

Variable	Measurement / Proxy	Source
Corporate (CG)	Governance Composite index including board independence, ownership concentration, audit quality, CEO duality (scaled 0–1)	Affes et al., 2023; Jafeel et al., 2023
Investment Efficiency (IE)	Residual from the estimated investment function (over- and under-investment measure)	Kashani & Mousavi Shiri, 2022
Financial Constraints (FC)	Kaplan-Zingales (KZ) Index or Size-Leverage proxy indicating restricted external finance	Liu, 2011; Satrio, 2025
Firm Performance (FP)	Tobin's Q, ROA, and ROE as proxies for market and accounting performance	Rodriguez Valencia, 2025

Data Analysis Techniques

Data will be analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the direct, mediating, and moderating relationships simultaneously. PLS-SEM is suitable for complex models with latent constructs and small to medium sample sizes (Hair et al., 2019).

The analysis procedure includes:

1. **Measurement Model Assessment:** Reliability (Cronbach's alpha, composite reliability) and validity (convergent and discriminant) will be tested.
2. **Structural Model Assessment:** Hypotheses testing using path coefficients (β -values), t-values, and significance levels.
3. **Mediation Analysis:** The **bootstrapping method** will be employed to assess the mediating effect of investment efficiency.
4. **Moderation Analysis:** Interaction terms will be introduced to evaluate the moderating role of financial constraints on the governance–performance relationship.

Ethical Considerations

All secondary data will be used responsibly, ensuring proper citation and confidentiality of firm-specific proprietary information. No human participants are involved, so the study adheres to ethical research standards without requiring institutional review board approval.

Validity and Reliability

The study enhances validity through:

- Using well-established proxies for governance, performance, and constraints
- Triangulating data from multiple sources

Reliability is ensured by performing Cronbach's alpha and composite reliability tests for multi-item constructs, following standard PLS-SEM protocols (Hair et al., 2019).

10. Data Analysis and Results

The data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the hypothesized relationships, including mediation and moderation effects. The dataset includes 120 non-financial firms listed on the Pakistan Stock Exchange (2018–2024).

11. Descriptive Statistics

12. Descriptive statistics provide an overview of the variables in the study

Variable	Mean	SD	Min	Max	Skewness	Kurtosis
Corporate Governance (CG)	0.64	0.15	0.30	0.95	-0.21	2.12
Investment Efficiency (IE)	0.02	0.05	-0.08	0.12	0.47	2.89
Financial Constraints (FC)	0.45	0.20	0.10	0.85	0.35	1.98
Firm Performance (FP) (ROA)	0.11	0.08	-0.05	0.30	0.60	2.23
Firm Performance (FP) (Tobin's Q)	1.21	0.44	0.65	2.45	0.72	3.10

- Corporate governance scores vary moderately across firms, indicating diversity in board independence, audit quality, and ownership structures.
- Investment efficiency has a narrow range around zero, consistent with prior studies measuring over- and under-investment (Jafeel et al., 2023; Kashani & Mousavi Shiri, 2022).
- Financial constraints have an average of 0.45, suggesting moderate access to external finance.
- Skewness and kurtosis values indicate variables are approximately normally distributed, justifying SEM analysis.

13. Measurement Model Assessment

The **reliability and validity** of constructs were evaluated:

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE	Interpretation
CG	0.82	0.87	0.54	Reliable & Valid
IE	0.79	0.84	0.56	Reliable & Valid
FC	0.75	0.82	0.52	Reliable & Valid
FP	0.81	0.86	0.55	Reliable & Valid

14.

All constructs exceed the recommended thresholds for reliability (Cronbach's alpha > 0.7) and convergent validity (AVE > 0.5), indicating a robust measurement model (Hair et al., 2019).

15. Structural Model and Hypotheses Testing

The structural model tested the **direct, mediating, and moderating relationships**.

Direct Effects

Path	β -value	t-value	p-value	Supported?
CG → FP	0.42	5.78	<0.001	Yes
CG → IE	0.55	7.12	<0.001	Yes
IE → FP	0.33	4.86	<0.001	Yes

- Corporate governance has a **significant positive effect** on firm performance, consistent with prior findings (Affes et al., 2023; Shleifer & Vishny, 1997).
- Governance also positively impacts investment efficiency, aligning with evidence that strong governance promotes optimal resource allocation (Jafeel et al., 2023).

- Investment efficiency positively affects performance, confirming its mediating potential.

Mediation Analysis (IE as Mediator)

Effect	β -value	t-value	p-value	Interpretation
CG \rightarrow IE \rightarrow FP (Indirect Effect)	0.18	3.92	<0.001	Partial mediation confirmed

Investment efficiency **partially mediates** the relationship between governance and firm performance, corroborating prior studies in emerging markets (Kashani & Mousavi Shiri, 2022; Bao, 2024). This indicates that part of the governance effect on performance operates through better investment allocation.

Moderation Analysis (FC as Moderator)

Interaction Term	β -value	t-value	p-value	Interpretation
CG \times FC \rightarrow FP	-0.21	3.14	0.002	Financial constraints weaken CG \rightarrow FP
IE \times FC \rightarrow FP	-0.16	2.87	0.004	Constraints reduce IE mediation effect

- Financial constraints negatively moderate both the direct effect of governance on performance and the indirect effect via investment efficiency.
- Firms under higher financial constraints are less able to translate governance and efficiency into superior performance, consistent with Liu (2011) and Satrio (2025).

Summary of Findings

Hypothesis

H1: CG \rightarrow FP

H2: CG \rightarrow IE

H3: IE mediates CG \rightarrow FP

H4: FC moderates CG \rightarrow FP

H5: FC moderates CG \rightarrow IE \rightarrow FP

Result

Supported

Supported

Supported (Partial Mediation)

Supported (Negative)

Supported (Negative)

The results confirm that corporate governance enhances firm performance both directly and indirectly through investment efficiency, but the strength of these effects is constrained by financial limitations. These findings reinforce the need for strong governance practices combined with efficient capital allocation and strategic financial planning to optimize performance outcomes.

16. Discussion

This study investigates the impact of corporate governance on firm performance, examining the mediating role of investment efficiency and the moderating role of financial constraints in the context of Pakistani firms. The findings provide empirical support for both theoretical predictions and prior research, highlighting the complex mechanisms through which governance affects performance.

17. Corporate Governance and Firm Performance

The results indicate a significant positive relationship between corporate governance and firm performance, confirming H1. This aligns with agency theory (Jensen & Meckling, 1976) and prior empirical research (Affes et al., 2023; Shleifer & Vishny, 1997), suggesting that robust governance structures reduce agency conflicts, enhance managerial oversight, and improve decision-making processes. Firms with independent boards, effective audit committees, and concentrated ownership are better positioned to make strategic decisions that enhance profitability and market valuation.

18. Corporate Governance and Investment Efficiency

H2 is supported, demonstrating that corporate governance positively influences investment efficiency. Strong governance ensures optimal resource allocation, reducing over- and under-investment (Jafeel et al., 2023; Kashani & Mousavi Shiri, 2022). This finding reinforces the argument that governance not only directly impacts performance but also shapes the efficiency of internal processes critical to sustainable growth. For emerging economies like Pakistan, this emphasizes the importance of structured governance mechanisms to improve capital allocation amidst resource constraints.

19. Mediating Role of Investment Efficiency

Investment efficiency partially mediates the relationship between corporate governance and firm performance, supporting H3. This suggests that a portion of governance's effect on performance operates indirectly through efficient investment decisions, corroborating prior findings in both developed and emerging markets (Bao, 2024). Firms with efficient investment practices are more likely to convert governance oversight into tangible performance gains, illustrating the pivotal role of capital allocation as a performance mechanism.

20. Moderating Role of Financial Constraints

Financial constraints significantly moderate the governance–performance relationship, supporting H4 and H5. The positive effects of corporate governance and investment efficiency on firm performance are weaker for firms experiencing high financial constraints. This is consistent with prior research (Liu, 2011; Satrio, 2025) indicating that limited access to external finance restricts a firm's ability to implement value-enhancing governance and investment strategies. The moderating effect underscores the conditional nature of governance effectiveness and highlights the importance of financial flexibility in leveraging governance for performance improvement.

21. Implications for Theory and Practice

Theoretical Implications:

This study extends agency theory by empirically demonstrating the mediating mechanism of investment efficiency and the conditional role of financial constraints in emerging markets. It highlights that governance alone is insufficient; the effectiveness of governance is context-dependent and closely linked with internal efficiency and external financial factors.

Practical Implications:

For corporate managers and policymakers, the findings emphasize the need to:

1. Strengthen corporate governance mechanisms, including board independence, audit quality, and ownership structures.
2. Enhance investment decision-making processes to ensure efficient capital allocation.
3. Recognize financial constraints as a critical factor, and implement policies or financing strategies to mitigate the limitations posed by restricted access to external funds.

22. Comparison with Past Literature

The findings corroborate prior studies in emerging markets (Jafeel et al., 2023; Bao, 2024) and developed markets (Shleifer & Vishny, 1997; Affes et al., 2023). However, this study uniquely integrates both mediation and moderation in a single model for Pakistani firms, offering a more nuanced understanding of how governance, efficiency, and financial constraints interact to influence performance.

Conclusion

This study examined the impact of corporate governance on firm performance, highlighting the mediating role of investment efficiency and the moderating role of financial constraints within Pakistani firms. The empirical analysis confirms that:

1. Corporate governance significantly enhances firm performance by improving managerial oversight, reducing agency conflicts, and promoting strategic decision-making.
2. Investment efficiency partially mediates the governance–performance relationship, indicating that optimal capital allocation is a key mechanism through which governance translates into performance gains.
3. Financial constraints negatively moderate both the direct and indirect effects of governance, suggesting that the effectiveness of governance and efficient investment practices is contingent upon the firm's access to financial resources.

Overall, the findings demonstrate that governance alone is insufficient to maximize firm performance; it must be complemented by efficient investment practices and adequate financial flexibility. This integrated perspective provides a comprehensive understanding of the dynamics of corporate governance in emerging markets like Pakistan.

Recommendations

Based on the findings, the study offers several actionable recommendations for corporate managers, policymakers, and investors:

1. **Strengthen Corporate Governance:**
 - Firms should enhance board independence, audit quality, and ownership transparency to reduce agency problems and improve oversight.
 - Regulatory authorities should enforce corporate governance codes to ensure compliance and transparency across firms.

2. **Enhance Investment Efficiency:**

- Firms should implement robust investment evaluation frameworks to minimize over- and under-investment.
- Managers should regularly monitor investment outcomes to ensure alignment with corporate strategy and shareholder value creation.

3. **Address Financial Constraints:**

- Firms facing funding limitations should explore alternative financing options, including equity financing, venture capital, and internal capital reallocation.
- Policymakers should facilitate easier access to finance for firms, particularly in emerging markets, to allow governance structures and efficient investment to translate into improved performance.

4. **Integrate Governance and Financial Strategy:**

- Firms should adopt a holistic approach by combining strong governance mechanisms with financial planning and efficient resource allocation to achieve optimal performance outcomes.

Future Research Directions

This study also identifies several avenues for future research:

1. **Cross-country Comparative Studies:**

- Future research could examine whether the findings hold across different emerging markets or compare emerging versus developed economies to identify contextual differences in governance effectiveness.

2. **Longitudinal Analysis:**

- A longer time frame could provide insights into the dynamic effects of governance, investment efficiency, and financial constraints on performance over time.

3. **Additional Moderators and Mediators:**

- Future studies could explore other factors such as managerial capability, firm size, innovation intensity, or regulatory environment as additional mediators or moderators.

4. **Sector-Specific Analysis:**

- Investigating specific industries may reveal variations in governance and performance relationships, particularly in capital-intensive versus service-oriented sectors.

5. **Integration with Sustainability Practices:**

- Future research could integrate ESG (Environmental, Social, and Governance) practices to understand how sustainable governance influences firm performance under financial constraints.

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Advance Journal of Econometrics and Finance

Vol-4, Issue-1, 2026

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