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# The Impact of Board Gender and Nationality Diversity on Corporate Human Rights Performance in Different Institutional Contexts

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## ABSTRACT

**Research Question/Issue:** The duty of businesses to observe human rights (HR) is garnering great interest among corporations, researchers, and policymakers. However, little is known yet about the organizational drivers that make firms pursue higher levels of corporate human rights performance (CHRP). In an attempt to fill this gap, we present the first global study on the influence that board gender and nationality diversity have on CHRP.

**Research Findings/Insights:** We evaluate panel data of 548 companies worldwide from 2012 to 2021 by using the two-step system generalized method of moments (GMM) and a moderation analysis. Our results show that board gender diversity has a positive effect on CHRP, but this impact is weaker in institutional settings where patriarchal stances prevail. We also find that board nationality diversity affects CHRP positively only in firms from countries with a network-oriented approach toward corporate governance.

**Theoretical/Academic Implications:** These findings help to further differentiate CHRP drivers from generic sustainability antecedents and uncover the relevance of adopting an institutional lens when delving into the rationale of CHRP. In this regard, we make a call for future analyses in this field to acknowledge national gender equality levels and societies' corporate governance orientation as potential boundary conditions.

**Practitioner/Policy Implications:** Our results may guide companies on how to reduce corporate risks associated with HR violations by incorporating women and foreigners on their boards. They may also encourage businesses and policymakers to boost gender equality both on corporate boards and within societal values as both these aspects may be key for safeguarding HR internationally.

## 1 | Introduction

The role of businesses in preserving and improving human rights (HR) around the globe has been garnering increasing interest in the early years of the 21st century, since the traditional concept of corporate social responsibility (CSR)—which claimed that

companies should share their wealth and respond voluntarily to society's expectations (Carroll 1991, 2021)—proved not to be enough to prevent firms from becoming involved in significant human rights controversies that harmed local communities and other relevant stakeholders (Schrempf-Stirling, Van Buren, and Wettstein 2022).

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Two main events in the 1980s and 1990s triggered political and social concerns, helping to shift the paradigm. The first was the Bhopal Disaster (1984) when thousands of people passed away in Central India (and hundreds of thousands sustained permanent damage to their health) due to a gas leak coming from a factory owned by Union Carbide Corporation, a US-based multinational company. This episode was followed by a decades-long struggle for justice on the part of victims that still continues (Wettstein 2020). The second was the Ogoni Nine Executions (1994–95), which involved international oil companies, particularly UK-based Royal Dutch Shell. While under pressure from nonviolent, local demonstrations to halt their polluting exploitation of natural resources in the Niger Delta, these corporations did not speak up against the unreasonable arrest, death penalty, and execution of the nine main activists by the Nigerian military dictatorship (Boele, Fabig, and Wheeler 2001; Schrempf-Stirling, Van Buren, and Wettstein 2022). These controversial cases made people aware that companies should go beyond mere voluntary, instrumental responsiveness in their business activities and embrace their moral duty to not harm people and to assist those who have been harmed by their activity. In fact, this vision gave rise to the business and human rights (BHR) movement that advocates for binding accountability for corporate actions (Wettstein 2020).

Nevertheless, BHR claims are still far from being satisfied as HR violations continue to occur every day, mainly on the part of multinational corporations located in developing countries (Ullah et al. 2021). The COVID-19 pandemic has also laid bare the difficulty for global supply chains to respect HR when impacted by unexpected pressures (Hess 2021). Be that as it may, societal efforts to move forward and promote BHR can be seen in four different fields (Schrempf-Stirling, Van Buren, and Wettstein 2022): international policies, domestic regulations, corporate practices, and academia.

As for the international sphere, the institution that has been most committed to global BHR standards is the United Nations (UN). Its initial attempts aimed to create a basis for legally binding instruments, embodied in the so-called “UN Draft Norms” (United Nations 2003). However, this proposal failed to achieve a consensus and forced the organization to move toward soft law schemes (Rasche and Waddock 2021), such as the UN Global Compact (UNGC) (1999) or, more recently, the UN Guiding Principles on Business and Human Rights (UNGPs) developed by John Ruggie (2011). Although these instruments have not been exempt from criticism for their limited enforcement capabilities (Dahan, Lerner, and Milman-Sivan 2016; Wettstein 2015), they have unarguably contributed to a proliferation of domestic initiatives as they explicitly underline the duty of states as regulators and enforcers of BHR laws (Ramasastry 2015; Ratner 2020). Some examples of such local instruments are the various UNGPs-led National Action Plans for Business and Human Rights (NAPs), the United Kingdom's Modern Slavery Act (2015), and France's Duty of Vigilance Law (2017), although many others are afoot (Monciardini, Bernaz, and Andhov 2021; Savourey and Brabant 2021).

This trend has irrevocably also impacted corporate practices, as litigation and reputation risks for HR-violating companies represent an increasing business threat if not managed

carefully (Meeran and Meeran 2021). To overcome these obstacles, many renowned firms have started adopting specific policies, such as conducting HR due diligence processes in their global supply chains, disclosing separate HR reporting statements, or displaying HR criteria to select and control third-party providers. However, the slow but steady incorporation of such practices in the corporate landscape is still mainly voluntary (Götzmann 2017; Schrempf-Stirling and Wettstein 2017). Indeed, worldwide companies differ widely in their policies and actions to identify, assess, and assure respect for their stakeholders' rights and to remedy potential HR violations triggered by their business activities (Amor-Esteban, Galindo-Villardón, and García-Sánchez 2018; Sambharya and Goll 2021). These differing levels of corporate compliance with BHR-related principles have begun to be analyzed by pioneering researchers as a performance variable in HR issues (Beji et al. 2021; Ciravegna and Nieri 2022). Although this BHR performance construct has not been branded nor operationalized homogeneously across academic studies (e.g., Beji et al. 2021; Ciravegna and Nieri 2022; Hamann et al. 2009; Sambharya and Goll 2021, etc.), these measurements can be commonly referred to as corporate human rights performance (CHRP).

Accordingly, as a catalyst for corporate and institutional shifts, but also as a consequence of them, BHR has gradually become one of the keynotes of the academic literature (Cuervo-Cazurra et al. 2021; Schrempf-Stirling, Van Buren, and Wettstein 2022; Wettstein et al. 2019). At first, studies on the topic were mainly focused on legal issues, such as analyzing the existing international law on HR infringements or theorizing about new regimes to hold companies legally responsible for their actions (Schrempf-Stirling and Van Buren 2020). Later on, UN BHR mandates in the first decade of the 2000s helped the discussion to spill over into other disciplines such as management (Schrempf-Stirling, Van Buren, and Wettstein 2022; Wettstein et al. 2019), which started to redirect the focus of this field to the study of firm-specific variables such as CHRP.

In the management field, one of the most widely debated points among scholars has revolved around how to match the new BHR constructs with the current infrastructure of CSR. Some authors assert that the two lines of research should be addressed separately, as they see BHR as a critical response to a perceived failure of CSR practices to avoid HR violations (Martin 2013; Ramasastry 2015; Wettstein 2020, 2021). They argue that there are firms committed to voluntary sustainable business actions and philanthropic projects in some countries (hence embracing the CSR rationale) that, at the same time, are involved in human rights violations harming different stakeholders in other areas of the world—either by themselves or transferring their malpractices upward in their value chains to suppliers or sourcing partners (Crane 2013; Cuervo-Cazurra et al. 2021; Ramasastry 2015). Nevertheless, most scholars claim that both perspectives are complementary and that BHR must be used as a means to broaden the scope of CSR (Carroll 2021; Favotto and Kollman 2021; Rasche and Waddock 2021; Schrempf-Stirling, Van Buren, and Wettstein 2022). This latter vision has also been adopted by expert consultancies on sustainability such as Thomson Reuters, FTSE, or S&P, which have included CHRP together with other concepts (e.g., labor standards and health and safety) as an inherent part of the social dimensions of CSR

when rating companies on their environmental, social and governance (ESG) performance (Escrig-Olmedo et al. 2019).

Actually, many of the first empirical analyses of BHR in the management sphere have focused on how certain premises may affect CHRP by measuring a firm's compliance with BHR principles through these HR-specific ESG indicators. This procedure has been used to study, among other factors, the influence on CHRP of business internationalization (Attig et al. 2016), institutional pressures of culture (Cubilla-Montilla et al. 2019) or product and market diversification (Sambharya and Goll 2021). Notwithstanding, some empirical studies on BHR tried to avoid using the traditional ratings for CSR, basing their measurements primarily on document content analysis of news about HR controversies or of corporate HR reports to assess CHRP levels. Operationalizing these has, however, proven to be much less scalable and replicable. Some examples of this alternative method are Hamann et al. (2009) and Ciravegna and Nieri (2022).

Either way, the determinants of CHRP—and more specifically the premises that lie at the organizational level—have been subject to less empirical research within this knowledge field, despite being clearly identified as one of the most necessary points for the BHR research agenda by renowned scholars such as Schrempf-Stirling and van Buren (2020) and Wettstein et al. (2019). This paper helps fill this gap by presenting the first large-scale, global empirical study on the relationship between the diversity of a firm's board of directors and its CHRP. More specifically, we focus our research on two particular elements of board diversity: gender and nationality, since they relate to two specific societal groups—women and foreigners—that are increasingly impacting corporate boards after decades of being disregarded in business governance settings (Kaczmarek and Nyuur 2021; Milhomem 2021; Sier et al. 2020). These two groups, formerly considered minorities, are slowly becoming usual in boardrooms—because of the proliferation of national gender quotas in the former case and the globalization of business activities in the latter (Kaczmarek and Nyuur 2021). Studying them in the realm of BHR is therefore relevant.

A wide range of analyses have already recognized board gender and nationality diversity as two of the main determinants of CSR behavior in general terms (e.g., literature review from Bolourian, Angus, and Alinaghian 2021), but very few have proven if these interrelations hold in the specific case of CHRP. Whether CSR performance and CHRP are considered together or separately, their connection to board diversity might be divergent. On the one hand, if the two concepts are addressed as disconnected issues, we could argue that voluntary sustainability-related actions (CSR performance) and the core human rights compliance practices in global supply chains (CHRP) may be subject to different drivers. This argument would be upheld by the not uncommon business case of an (apparently) sustainable company from the developed world sourcing inputs from suppliers in emerging countries that are involved in controversial human rights malpractices (Crane 2013; Cuervo-Cazurra et al. 2021; Kotchen and Moon 2012; Ramasastry 2015). On the other hand, if CHRP is considered as a new subcomponent of the social dimension of CSR so as to broaden its scope, prior studies have shown how every subcomponent of CSR may have its own dynamics and

may be driven by diverging and particular antecedents (Beji et al. 2021; Bolourian, Angus, and Alinaghian 2021; Dočekalová and Kocmanová 2016; Kyaw, Olugbode, and Petracci 2017).

Therefore, this work joins the few pioneers who have analyzed antecedents of CHRP as a specific metric differentiated from general CSR performance, thus contributing to the BHR literature and helping to separate it from generic ESG research in the management field. Moreover, the few studies that have already tackled this topic (Beji et al. 2021; Mallin and Michelon 2011; Wheeler 2019) considered very specific contexts and samples, making it difficult to reach firm and generalizable conclusions. We overcome the geographical limitations of previous studies on the board diversity drivers of CHRP by using a worldwide sample. This global scope allows us to underscore for the very first time the moderating role that the institutional context has on the relationship between board gender and nationality diversity and CHRP. Using a dataset drawn from the Refinitiv Eikon database, we evaluate panel data from 548 companies worldwide from 2012 to 2021 to determine the specific contexts in which female and foreign board members influence CHRP, as these relationships seem to be profoundly influenced by institutional pressures. For this purpose, we consider two different moderators at a national level that may alter board functioning: a country's gender (in)equality status and a society's corporate governance orientation. Thereby, we are also responding to academic demands for addressing the current disconnection between BHR research and the overarching constructs of long-established management theories such as the institutional approach (Cuervo-Cazurra et al. 2021; Wettstein et al. 2019).

## 2 | Theoretical Background and Hypotheses

### 2.1 | Board Gender Diversity and CHRP

As previously discussed, many studies have assessed the impact of board gender diversity on generic CSR performance (Byron and Post 2016; Cabeza-García, Fernández-Gago, and Nieto 2018; Cruz et al. 2019; Furlotti et al. 2019). Although most found a positive relationship between both variables (Alonso-Almeida, Perramon, and Bagur-Femenias 2017; Zaid et al. 2020), others reached conflicting results and were unable to verify a significant effect (Bolourian, Angus, and Alinaghian 2021) or even revealed a negative one (Muttakin, Khan, and Subramaniam 2015; Shamil et al. 2014). The main reasons for these inconsistencies are the consideration of very specific contexts and, most importantly, the measurement of CSR outcomes as a whole, without separating ESG dimensions. Every CSR element seems to be impacted by female diversity in a different manner, so more itemized research is required (Beji et al. 2021; Mallin and Michelon 2011).

With this in mind, few authors have tackled the specific effect of gender-diverse boards on CHRP. Moreover, those who have approached the issue have narrowed their research to limited contexts and samples, so conclusions vary and cannot be generalized without triggering biases. Mallin and Michelon (2011) showed that board gender diversity is positively associated with business performance regarding the HR dimension of CSR, but their study was circumscribed to only the 100 best US

corporations. Beji et al. (2021) came to the same conclusion but only considered the 120 biggest French-listed companies within its sample. Wheeler (2019) did not find any relation between the ratio of female directors and a firm's HR policy commitment but only examined data from the 50 largest Australian companies by market capitalization.

Theoretically speaking, several scholars have acknowledged that women directors may possess certain characteristics that lead to a better understanding of BHR affairs and thus to a higher CHRP. This assertion is in line with the social role theory (Eagly 1987), which argues that men and women tend to behave in accordance with the masculine and feminine roles that societies have assigned to them. Researchers have suggested that each gender responds to different norms, attitudes, beliefs, and perspectives (Pelled, Eisenhardt, and Xin 1999) and has distinct experiences and values (Hafsi and Turgut 2013; Siciliano 1996). In general, females show greater empathy and concern for others (Eagly and Johannesen-Schmidt 2001) and are more communicative, democratic, participatory, and cooperative (Eagly, Johannesen-Schmidt, and Van Engen 2003). In brief, men tend to exhibit more agentic attributes in the sense that they often use the power they receive to pursue their self-interest (Eagly, Johannesen-Schmidt, and Van Engen 2003; Vázquez-Suárez et al. 2022), whereas women show more communal characteristics as described above (Mallin and Michelon 2011). For all these reasons, females take greater account of the needs of stakeholders when sitting on the board (Bear, Rahman, and Post 2010; Cuadrado-Ballesteros, García-Rubio, and Martínez-Ferrero 2015; Nielsen and Huse 2010) and are less likely to justify business-related, unethical behavior than their male counterparts (Bart and McQueen 2013; Chen et al. 2016; Viviers and Mans-Kemp 2017). Therefore, women tend to encourage companies to adopt more socially responsible approaches (Alonso-Almeida, Fernández De Navarrete, and Rodríguez-Pomeda 2015; Nielsen and Huse 2010; Rodríguez-Ariza et al. 2017) and to pay attention to long-term societal outcomes even if it means sacrificing short-term profits (Matsa and Miller 2013). All this leads female board members to care more about fundamental HR and the elimination of prohibited forms of work and child labor when developing corporate governance policies (Beji et al. 2021; Schwartz and Rubel 2005).

Nevertheless, female board members alone do not only bring about better BHR behavior; they also generate synergies with their male counterparts (Bolourian, Angus, and Alinaghian 2021). For this reason, balancing board gender diversity may be more relevant for improving CHRP than the mere inclusion of female directors. From a resource dependence perspective, some authors have acknowledged that women provide the board with some key assets that complement those already provided by men, thus enabling firms to efficiently design and manage their corporate citizenship policies (Viviers and Mans-Kemp 2017) such as those related to BHR. For instance, balancing male and female directors has been associated with a broader range of network relationships (Ibarra 1993; Zhang 2012) allowing for a better understanding of the marketplace and stakeholders' needs, including those that represent a minority (Erhardt, Werbel, and Shrader 2003; Robinson and Dechant 1997). Gender balance also turns out to be related to enhanced creativity, flexibility, and strategic decision-making

ability, thanks to the different ideas and viewpoints that come together in the boardroom (Groysberg and Bell 2013). This leads to a unique style of leadership (Rodionova et al. 2019) that has proven to be more sensitive to welfare, long-term sustainability, and social justice issues (Alonso-Almeida, Perramon, and Bagur-Femenias 2017).

Therefore, in light of the above arguments, we formulate the following hypothesis:

**Hypothesis 1a.** *Board gender diversity has a positive effect on CHRP.*

However, some authors claim that the effects of board gender diversity on ESG issues may not be so clear, as this relationship has nuances and context dependencies (Ellwood and Garcia-Lacalle 2015; Muttakin, Khan, and Subramaniam 2015; Post, Rahman, and Rubow 2011). Adopting an institutional framework (DiMaggio and Powell 1983; Meyer and Rowan 1977), these scholars claim that businesses must deal with persistent isomorphic pressures from the environment if they want to survive in the long term. Thus, every business practice encompasses the local beliefs, rules, and norms that apply within the company's specific context (Berthod 2016).

Some studies have found that the contributions of board gender diversity to ESG performance in countries with lower levels of gender equality might be questionable (Muttakin, Khan, and Subramaniam 2015; Shamil et al. 2014). As businesses constantly seek to maintain and improve their legitimacy within the societal context around them by mimicking behavior (DiMaggio and Powell 1983), these societies' patriarchal values and beliefs triggering gender inequality tend to spill over into the corporate culture of businesses headquartered there (Jia and Zhang 2013; Muttakin, Khan, and Subramaniam 2015). As a result, corporate boards in such countries may pay less attention to the opinions of female directors (Ntim and Soobaroyen 2013; Quisumbing and Maluccio 2000), thus diluting the debates, concerns, synergies, and complementary assets that women could contribute to their meetings, including those that are relevant to BHR. Moreover, as male-dominated cultures do not promote powerful women in businesses (Jia and Zhang 2011) and associate them with conformist attitudes (Chauhan and Dey 2017), it will be relatively more likely that females will observe shareholders' desires and neglect stakeholders' interests (Uddin and Choudhury 2008). Additionally, the gender gap in higher education and international experiences tends to be much larger in patriarchal nations (UNESCO 2022). This may lead women directors to be reluctant to be proactively involved in business affairs because of their relatively inadequate business backgrounds and skills (Uddin and Choudhury 2008). Furthermore, female directors may be less aware of the importance of voluntary disclosures, such as ESG-related ones, because of their lower expertise. Some authors have even claimed that women might be elected onto boards in patriarchal countries as mere tokens (Chauhan and Dey 2017; Muttakin, Khan, and Subramaniam 2015) so as to comply with local regulations on gender parity without letting them truly participate in strategic governance decisions.

Although certain studies from patriarchal nations have shown a positive impact of board gender diversity on ESG achievements

despite the arguments and results discussed above (Khan, Khan, and Senturk 2019), not a single research paper has addressed this question in the specific field of CHRP. We therefore pose the following hypothesis:

**Hypothesis 1b.** *A country's level of gender inequality negatively moderates the effect of board gender diversity on CHRP.*

## 2.2 | Board Nationality Diversity and CHRP

Board nationality diversity has been widely recognized as one of the main drivers of generic CSR performance (Fuente, García-Sánchez, and Lozano 2017; Zaid et al. 2020). However, as with studies on gender diversity, some conflicting results have arisen. Some scholars have found nonsignificant effects of foreign directors on ESG performance (Barako and Brown 2008; Frias-Aceituno, Rodriguez-Ariza, and Garcia-Sanchez 2013; Sharif and Rashid 2014) or even a negative relationship between the two variables (Katmon et al. 2019). Again, samples drawn from very specific contexts and a lack of disaggregation of CSR dimensions may be behind these differences (Beji et al. 2021; Bolourian, Angus, and Alinaghian 2021; Mallin and Michelon 2011).

In the specific BHR field, only Beji et al. (2021) have analyzed the relationship between the presence of international directors and CHRP, together with other CSR dimensions considered in the model. Although they could not empirically find a significant effect between these two variables, their results cannot be generalized as their data referred only to the 120 biggest French listed companies. Conversely, and despite not considering a specific variable of CHRP, Ntim and Soobaroyen (2013) demonstrated that foreign directors improved business engagement in the South African government's BHR initiatives on Black Economic Empowerment (BEE), which aims to facilitate broader participation of Black people in the economy, especially in order to redress inequalities created by apartheid. This may give us a clue as to what board nationality diversity could mean for BHR affairs in certain settings.

Researchers have often drawn on resource dependence theory to highlight the potential benefits of including foreign directors on the board (Estélyi and Nisar 2016; Miletkov, Poulsen, and Wintoki 2017; Oxelheim et al. 2013). It is suggested that such directors provide businesses with cornerstone resources to effectively build up and manage their ESG-related policies (Ben Barka and Dardour 2015; Kaczmarek and Nyuur 2021). Foreigners' differing ideas, insights, expertise, and information capabilities—gathered from sources that are not easily accessible to a single-nationality board—amount to valuable assets for companies when designing and developing their strategies (Hafsi and Turgut 2013; Kaczmarek and Nyuur 2021; Lau, Lu, and Liang 2016) by stimulating creativity, innovation, corporate leadership, and high-quality decisions (Hafsi and Turgut 2013; Ruigrok, Peck, and Tacheva 2007; Tihanyi, Griffith, and Russell 2005). Moreover, foreign directors have proved to be more concerned about local social development and communal values and demands (Beji et al. 2021; Muttakin, Khan, and Subramaniam 2015; Tihanyi, Griffith, and Russell 2005), thanks to their broader range of international relationships that help bridge otherwise disconnected human networks (Ben Barka

and Dardour 2015; Zahra and Filatotchev 2004; Zhang 2012). These networks enhance a firm's capabilities for feeling pressure and understanding and responding to its environmental and stakeholders' requirements (Beckman and Haunschild 2002; El-Bassiouny and El-Bassiouny 2019). Since BHR issues must be dealt with by the strategic core of the business and have likewise emerged as a response to stakeholder demands and environmental changes (Wettstein 2020, 2021), CHRP in firms with nationality-diverse boards would be expected to improve.

We therefore introduce the following hypothesis:

**Hypothesis 2a.** *Board nationality diversity has a positive effect on CHRP.*

However, some researchers have called attention to the possible drawbacks of including foreign directors on corporate boards. Masulis, Wang, and Xie (2012) suggested that board performance on ESG issues may become worse with the inclusion of foreign directors due to poor board meeting attendance, unfamiliarity with local rules, laws, and regulations and an initial detachment from the local networks that could provide them with valuable information. Drawing upon institutional theory, Bowman and Ambrosini (2003) underlined that these drawbacks may occur mostly in developing countries that suffer from deficient immigration systems, more homogeneous societies, and weak institutional settings (Katmon et al. 2019; Muttakin, Khan, and Subramaniam 2015). Such external pressures in developing economies mitigate the possible benefits and efficiencies generated by foreign directors, who may find it difficult to both provide the company with additional keystone resources and perform their monitoring tasks on managerial decisions to efficiently deploy CSR practices (Katmon et al. 2019; Masulis, Wang, and Xie 2012). Nevertheless, the evidence is still unclear, as some empirical studies have found positive interactions between board nationality diversity and ESG performance in some of the world's least developed countries (Khan, Khan, and Senturk 2019; Muttakin, Khan, and Subramaniam 2015). Furthermore, it has not yet been explored whether, in the specific case of CHRP, the efficiencies generated by the inclusion of foreign directors outweigh the shortcomings that this kind of diversity may give rise to.

Another important source of institutional pressures that may alter the effects of board nationality diversity on the different aspects of ESG performance are nation-specific values and beliefs on corporate governance and organizational mission (Frias-Aceituno, Rodriguez-Ariza, and Garcia-Sanchez 2013; Masulis, Wang, and Xie 2012; Oxelheim et al. 2013). Weimer and Pape (1999) distinguished between two styles of corporate governance that arise in developed economies with strong institutional settings: "market-oriented" and "network-oriented" systems. Both structures have direct implications for board functioning and firms' orientation to their environment (Weimer and Pape 1999). On the one hand, market-oriented approaches prevail in Anglo-Saxon countries—the United Kingdom, the United States, Canada, Australia, and New Zealand—where companies are seen as instruments to generate shareholder value (Frias-Aceituno, Rodriguez-Ariza, and Garcia-Sanchez 2013). In such countries, external market mechanisms for corporate control are common—for example, mergers and acquisitions (M&A) or takeover bids—and serve as a means for shareholders to exert influence on board decision-making.

Corporate control mechanisms also drive business networks to be much more unstable and business relationships to be conceived for the short term (Weimer and Pape 1999). This framework may limit the opportunity for foreign directors to be fully integrated into the local board structure and to contribute alternative debates on the agenda, which could ultimately limit their ability to uphold stakeholders' and external networks' concerns in board meetings and managerial decisions. In general, business discussions and decisions are shaped much more by external corporate control mechanisms than by an internal dialog between directors and managers (Weimer and Pape 1999). For these reasons, the effects of foreign board members on CHRP may be diluted in this scenario.

On the other hand, network-oriented systems—typical of the current European Union (EU) and other Continental European countries, as well as Japan—tend to consider firms as a coalition of various participants (shareholders, directors, managers, employees, suppliers, and customers) and thus more prone to stakeholder-oriented views (Ferrarini, Siri, and Zhu 2023; Frias-Aceituno, Rodriguez-Ariza, and Garcia-Sanchez 2013). Also, business structures are based on more stable economic relationships and interlocking directorships and management teams. Foreigners therefore find it easier to be integrated into existing board networks, as these are relatively more long-lasting and open to dialog than in Anglo-Saxon countries (Weimer and Pape 1999). This broadens the scope for foreign directors to intervene in managerial decisions and bring new resources, concerns, and debates to the board. Therefore, the outcomes of board nationality diversity on CHRP may appear more clearly in this second group of developed countries.

Taking both the “developing vs. developed” and the “developed, market-oriented vs. developed, network-oriented” discussions into account, we propose the following hypothesis:

**Hypothesis 2b.** *A country's network-oriented system positively moderates the effect of board nationality diversity on CHRP.*

The conceptual framework and research model built upon the above literature review are summarized in Figure 1.

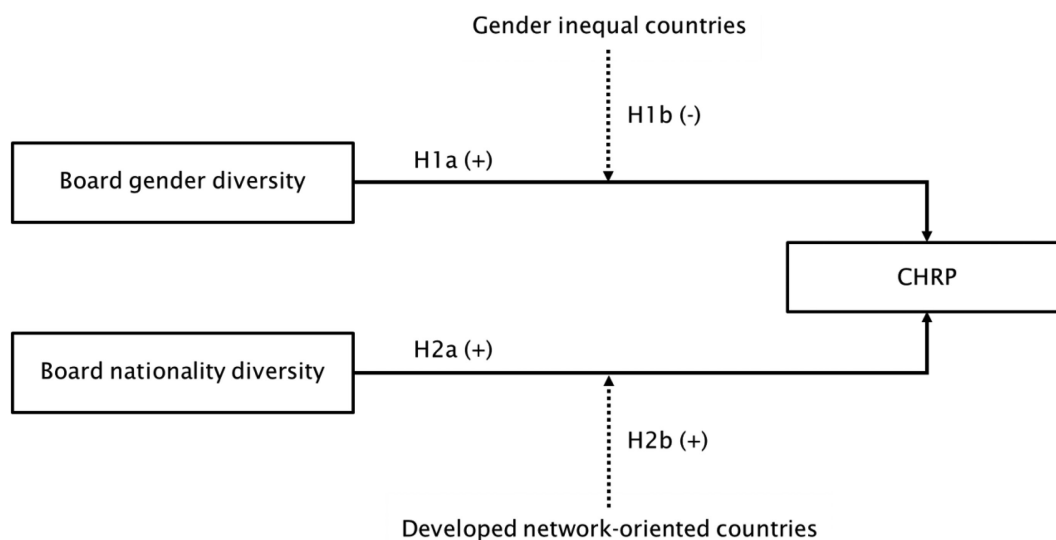
### 3 | Methodology

#### 3.1 | Sample and Data

We have drawn upon the Eikon database—owned by Refinitiv, one of the world's largest providers of financial market data and infrastructure—to obtain our sample and to gather the necessary data for measuring the variables. We first singled out all public firms that continuously reported data on CHRP, board gender diversity, board nationality diversity, and country of headquarters between 2012 and 2021. This allowed us to obtain information on 698 companies and 6899 firm-year observations. We started our measures in 2012 so that we could verify our research model after the launch of the most popular international policy on BHR—the UNGPs (Ruggie 2011)—and also to track business behavior in the current economic landscape that came into existence after the 2008–2012 world's global crisis.

Subsequently, financial and insurance firms were excluded (113 companies, 1127 firm-year observations) because of their particular characteristics—such as their specificity from an accounting point of view (Cabeza-García, Fernández-Gago, and Nieto 2018)—which could lead to biases in the measurement of some control variables. We then removed three firms (11 firm-year observations) that did not have more than 4 years of consecutive data available. This was necessary to test for the absence of second-order serial correlation in linear dynamic models for panel data (Arellano and Bond 1991) such as our estimation method, the two-step system generalized method of moments (GMM) (Blundell and Bond 1998). Finally, 34 companies (340 firm-year observations) and 1369 firm-year observations (from companies that remained in the sample) were omitted due to missing values in one or several variables. This allowed us to estimate comparable coefficients for every variable effect across all tables and regressions.

After this four-step screening, we ended up with an unbalanced panel dataset of 548 companies from 11 global regions encompassing the 22 nonfinancial industry groups of the Global Industry Classification Standard (GICS) (MSCI and S&P Dow Jones 2023). It comprises 4052 observations within the 10-year period 2012–2021. Table 1 illustrates the composition of the



**FIGURE 1** | Research model.

**TABLE 1** | Sample composition by global region.

Global region	Sample			
	Firms	Percentage (firms)	N	Percentage (N)
Western Europe	222	40.51	1688	41.66
Southern Europe	10	1.82	68	1.68
Northern Europe	48	8.76	369	9.11
Eastern Europe	12	2.19	60	1.48
Northern America	136	24.82	1020	25.17
Latin America	4	0.73	14	0.35
Eastern Asia	54	9.85	403	9.95
Southern Asia	31	5.66	218	5.38
Middle East and Northern Africa	5	0.91	31	0.77
Central and Southern Africa	19	3.47	131	3.23
Oceania	7	1.28	50	1.23
Total	548	100.00	4052	100.00

sample by the global regions where the corporate headquarters were located. Table 2 indicates the GICS industry groups (three-digit GICS codes) in which the firms operated. The potential impact that these geographical and sectoral characteristics might have on the analysis will be further considered in the specification of the econometric model.

### 3.2 | Variables and Measures

#### 3.2.1 | Dependent Variable

*Corporate human rights performance* (CHRP) was measured by Refinitiv's HR score, one of the ESG metrics that this consultancy provides. This measurement of CHRP through ESG ratings has been used by previous empirical studies on the matter such as Attig et al. (2016), Beji et al. (2021), and Cubilla-Montilla et al. (2019). Refinitiv's HR score takes into account eight different metrics to calculate the outcome for each firm in every one of the years considered (Refinitiv 2021).

Information on all these records was gathered from a variety of sources such as annual reports, company websites, NGOs, stock exchange filings, CSR reports, and news. Final scores after adding the different components were standardized following a percentile rank score methodology. Refinitiv's HR score ranges between 0 and 100 on a metric scale, with 100 denoting the businesses with the most outstanding performance in all of the eight elements considered and 0 denoting those with the relatively poorest performance among the panel data (Refinitiv 2021).

#### 3.2.2 | Independent Variables

We considered two predictor variables: board gender diversity to test Hypothesis 1a, and board nationality diversity to test Hypothesis 2a.

*Board gender diversity* (GENDER) was calculated by two alternative measures so as to obtain more robust results, following the most relevant approaches from the research literature (Bolourian, Angus, and Alinaghian 2021):

- On the one hand, in accordance with scholars like Beji et al. (2021), we calculated board gender diversity as the percentage of women on the board. This measure ranges from 0 to 100, with 0 meaning the absence of women on the board and 100 showing a fully female board. Ratios of women on corporate boards are still too far from gender equality (Milhomem 2021; Sier et al. 2020)—indeed, only 1% of the observations of our sample contain a percentage of women on board higher than 50%—so women inclusion may be a good proxy for gender diversity taking into account the current context at governance settings.
- On the other hand, following researchers like Lu and Herremans (2019), we calculated board gender diversity using the Blau (1977) index of heterogeneity:  $GENDER = 1 - [(p_{WOMEN})^2 + (p_{MEN})^2]$ . The minimum value of the Blau index is 0 (an all-male or all-female board, the least diverse board possible regarding gender) and the maximum value is 0.5 (50% male and 50% female directors, the most diverse board possible with regards to gender). This second approach is not exempted from limitations, as a men-dominated board could be assigned the same value as a women-dominated board if their proportions happen to match (Lu and Herremans 2019). Nevertheless, boards with more than 50% female directors are very scarce in our sample, so this issue would not represent a huge concern.

Likewise, *board nationality diversity* (NATIONALITY) was determined by the percentage of foreign nationals on the board. Values vary between 0 and 100, with 0 being a board on which all the directors are from the country where the company is headquartered (the least diverse board possible regarding

**TABLE 2** | Sample composition by GICS industry groups (three-digit GICS codes).

GICS industry group <sup>a</sup>	Three-digit GICS code	Sample			
		Firms	Percentage (firms)	N	Percentage (N)
Energy	101	48	8.76	334	8.24
Materials	151	108	19.71	789	19.47
Capital Goods	201	91	16.61	681	16.81
Commercial & Professional Services	202	19	3.47	141	3.48
Transportation	203	23	4.20	165	4.07
Automobiles & Components	251	19	3.47	149	3.68
Consumer Durables & Apparel	252	16	2.92	123	3.04
Consumer Services	253	10	1.82	78	1.92
Consumer Discretionary Distribution & Retail	255	7	1.28	56	1.38
Consumer Staples Distribution & Retail	301	6	1.09	46	1.14
Food, Beverage & Tobacco	302	32	5.84	232	5.73
Household & Personal Products	303	5	0.91	42	1.04
Health Care Equipment & Services	351	11	2.01	89	2.20
Pharmaceuticals & Biotechnology & Life Sciences	352	26	4.74	199	4.91
Software & Services	451	15	2.74	129	3.18
Technology Hardware & Equipment	452	13	2.37	107	2.64
Semiconductors & Semiconductor Equipment	453	7	1.28	54	1.33
Telecommunication Services	501	29	5.29	185	4.57
Media & Entertainment	502	16	2.92	115	2.84
Utilities	551	25	4.56	176	4.34
Equity Real Estate Investment Trusts (REITs)	601	9	1.64	65	1.60
Real Estate Management & Development	602	13	2.37	97	2.39
Total		548	100.00	4052	100.00

<sup>a</sup>The GICS industry groups 401 (Banks), 402 (Financial Services), and 403 (Insurance) do not appear in this table because of the exclusion of financial and insurance firms from the sample.

nationality), and 100 being a board on which none of the directors are from the country where the company is headquartered (the most diverse board possible with regards to nationality). We did not include an alternative Blau measurement for this predictor variable as in the previous case, because the highest value of a Blau index (a board composed of half nationals from the country of the company's headquarters and half foreigners) would not represent the most diverse board possible in terms of nationality as higher percentages of foreigners would always increase the likelihood that more countries are included.

### 3.2.3 | Moderator Variables

We categorized the sampled firms according to two dichotomous moderators: gender inequal country to test Hypothesis 1b and developed network-oriented country to test Hypothesis 2b.

*Gender inequal countries* (GENDERINEQ) were computed through a dummy variable equal to 1 if the firm's country of headquarters has lower levels of gender equality and 0 otherwise. Following previous studies on the interaction between board gender diversity and gender inequality (Gangi et al. 2023; Kakabadse et al. 2015), the two categories of this variable were computed by means of the gender inequality index (GII) that the United Nations (2024) calculates on a yearly basis. GII is a composite metric of countries' gender inequality that uses three dimensions: women's empowerment, female inclusion in the labor market, and reproductive health. It is a continuous variable ranging from 0 (where women and men fare equally) to 1 (where the female gender scores as poorly as possible in all the dimensions considered). Therefore, a low GII value indicates more equality between women and men and less patriarchal values in the society, and vice versa (United Nations 2024). We calculated the average GII value of our sample (0.135) and assigned the value 1 of our variable GENDERINEQ to the firm-year observations



when the country of headquarters had an average GII between 2012 and 2021 above 0.135 and 0 otherwise.

*Developed network-oriented countries* (NETWORKORIENT) were represented by a dummy variable equal to 1 if the firm's country of headquarters is developed and has a network-oriented governance system, and 0 otherwise. We followed the criteria established by the United Nations (2022) to determine which countries can be categorized as developed or developing. We observed the categorization of Weimer and Pape (1999) to distinguish between developed countries with market-oriented governance approaches and those with network-oriented governance systems. The former governance style prevails in the Anglo-Saxon countries (the United Kingdom, the United States, Canada, Australia, and New Zealand) and is mainly focused on shareholder value generation and short-term business relationships. The latter approach, rooted in the EU, other Continental European countries, and Japan, tends to govern corporations by balancing stakeholder views and considering long-term economic relationships and networks (Weimer and Pape 1999).

### 3.2.4 | Control Variables

In addition to the predictor and moderator variables, several control variables theoretically related to CHRP were introduced in our econometric model to diminish the probability of bias in our results.

First, many studies have already demonstrated that other board-related variables apart from gender and nationality diversity also have a significant impact on a firm's generic CSR commitment in various contexts (Bolourian, Angus, and Alinaghian 2021). Therefore, we added to the analysis seven more variables at the board level: *board size* (BOARDSIZE) calculated by the number of board seats, *board meetings* (MEETINGS) for the number of board meetings in a year, *duality of chairman and CEO* (CEODUALITY) represented by a dummy variable equal to 1 if both positions are held by the same person and 0 otherwise, *board CSR/ESG committee* (COMMITTEE) defined by a dummy variable equal to 1 if there is a CSR/ESG committee within the board and 0 otherwise, *board independence* (INDEPENDENCE) for the percentage of independent board members, *average board tenure* (TENURE) for the average number of years that directors have been on the board, and *board specific skills* (SKILLS) for the percentage of directors who have either an industry-specific background or a strong financial background.

Second, we incorporated five variables often used in prior ESG and CHRP analyses (Beji et al. 2021; Mallin and Michelon 2011): *firm size by assets* (FIRMSIZEASSETS) calculated as the natural logarithm of total assets, *firm size by employees* (FIRMSIZEEMPL) computed as thousands of employees, *ownership nature* (STATEOWNER) defined by a dummy variable equal to 1 if the company is state-owned (with the government holding 50% or more of the firm's assets) and 0 otherwise, *firm's return on assets* (ROA), and *firm leverage* (LEVERAGE) measured by the total-debt-to-equity ratio.

Third, results were controlled by country, industry, and time, as these variables can distort the results when panel data

methodology is used (Kyaw, Pindado, and de-la-Torre 2022; Rodríguez-Ariza et al. 2017): *geography-specific effects* (GLOBALREGION) with 10 dummy variables representing the 11 different global regions covered by the sample; *industry-specific effects* (INDUSTRY) with 21 indicator variables depicting the 22 GICS industry groups present in the sample; and *time-specific effects* (YEAR) with nine dummy variables, as the panel covers 10 years. Additionally, a specific categorical variable was included to cover the potential effect of the *board gender quotas* (GENDERQUOTA) that are in place in some of the sampled countries (Deloitte 2022).

### 3.3 | Econometric Model and Analysis Techniques

In line with the above definitions, the general econometric model (without moderation effects) is represented as follows:

$$\begin{aligned} \text{CHRP}_{it} = & \beta_0 + \beta_1 * \text{GENDER}_{it-1} + \beta_2 * \text{NATIONALITY}_{it-1} \\ & + \beta_3 * \text{BOARDSIZE}_{it-1} + \beta_4 * \text{MEETINGS}_{it-1} \\ & + \beta_5 * \text{CEODUALITY}_{it-1} + \beta_6 * \text{COMMITTEE}_{it-1} \\ & + \beta_7 * \text{INDEPENDENCE}_{it-1} + \beta_8 * \text{TENURE}_{it-1} \\ & + \beta_9 * \text{SKILLS}_{it-1} + \beta_{10} * \text{FIRMSIZEASSETS}_{it-1} \\ & + \beta_{11} * \text{FIRMSIZEEMPL}_{it-1} + \beta_{12} * \text{STATEOWNER}_{it-1} \\ & + \beta_{13} * \text{ROA}_{it-1} + \beta_{14} * \text{LEVERAGE}_{it-1} \\ & + \beta_{15} * \text{GENDERQUOTA}_{it-1} \\ & + \beta_{16-25} * \text{GLOBALREGIONdummies}_i \\ & + \beta_{26-46} * \text{INDUSTRYdummies}_i \\ & + \beta_{47-55} * \text{YEARdummies}_t + \eta_i + \varepsilon_{it} \end{aligned}$$

Following previous research (Bear, Rahman, and Post 2010; McGuinness, Vieito, and Wang 2017), independent and control variables were lagged 1 year under the assumption that cause-effect relationships are not simultaneous: CHRP is a flow variable measured by the firm's performance on BHR issues throughout a given year. This flow is generated by board decisions taken in the past—not in the present or the future—as the effects of such choices take time to become observable (Carter et al. 2007). Therefore, potential determinants of such previous decisions—our independent and control variables in the model—must be measured at the same time as those choices are made, namely,  $t-1$ .

We used dynamic linear models for panel data to control for both unobservable heterogeneity and endogeneity by means of consistent and efficient estimators (Arellano and Bond 1991; Pindado and Requejo 2015). Specifically, we drew on the two-step system GMM estimator developed by Blundell and Bond (1998) because it solves the weak instruments problem arising with the difference GMM estimator (Alonso-Borrego and Arellano 1999), which biases coefficients downward (Bond, Hoeffler, and Temple 2001).

Following Pindado and Requejo (2015), we checked the goodness of fit for the models using the  $m_2$  statistic (Arellano and Bond 1991), the Hansen J statistic for overidentifying restrictions (Hansen 1982), and two Wald tests to verify the joint significance of the reported coefficients ( $F_1$ ) and of the time dummies ( $F_2$ ). We also handled potential heteroscedasticity problems by using the “robust” option in the xtabond2 (GMM) command in Stata (Roodman 2009).

Hypotheses 1a and 2a were tested by applying the general econometric model and the techniques described above to the total sample. The hypotheses will be accepted if the independent variables under study hold the expected relationship with the dependent variable at a 5% significance level. Then, the moderation effects defined by Hypotheses 1b and 2b were analyzed following the method and procedures proposed by Sharma, Durand, and Gur-Arie (1981) and Venkatraman (1989), which remain widely used in management research and corporate governance studies (Boyd, Gove, and Solarino 2017; Dawson 2014). The appropriateness of this methodology for the current analysis lies in its integration of the two primary techniques employed in contemporary academic studies to test for moderation effects—moderated regression analysis (MRA) and subgroup analysis (Boyd, Gove, and Solarino 2017)—through a systematic, replicable, and reliable procedure.

## 4 | Results

### 4.1 | Descriptive Analysis

Table 3 presents the descriptive statistics of the variables. The average CHRP of our sample is 49.50 although its rates range from 0 to 99.52, revealing that compliance with BHR issues varies greatly between the firms in the sample. As for board gender diversity, our sampled firms have an average of 21.58% of board seats held by women, but again, dispersion between businesses is high—values range from 0% to 75% across the sample. The same conclusions could be obtained when assessing board gender diversity through the Blau index. With regard to board nationality diversity, the firms show an average value of 32.15% of board seats held by foreigners. As with the previous cases, there are huge divergences between firms, with values ranging from 4.35% to 100%. This statistical dispersion

**TABLE 3** | Descriptive statistics.

Variable	Mean	SD	Minimum	Maximum
CHRP	49.50	35.58	0.00	99.52
GENDER (Percentage)	21.58	13.43	0.00	75.00
GENDER (Blau index)	0.30	0.15	0.00	0.50
NATIONALITY	32.15	23.28	4.35	100.00
BOARDSIZE	10.96	3.23	2	24
MEETINGS	8.47	4.55	1	87
INDEPENDENCE	63.11	23.74	0.00	100.00
TENURE	7.35	3.01	0.25	26.22
SKILLS	48.88	21.11	0.00	100.00
FIRMSIZEASSETS	9.96	0.68	6.22	11.82
FIRMSIZEEMPL	45,726.78	76,683.71	5	667,851
ROA	0.04	0.10	−1.87	0.91
LEVERAGE	1.43	13.66	0.00	670.41
Variable	Firms	N	Percentage (N)	
GENDERINEQ = 1	180	1299	32.06	
GENDERINEQ = 0	368	2753	67.94	
NETWORKORIENT = 1	227	1702	42.00	
NETWORKORIENT = 0	321	2350	58.00	
CEODUALITY = 1	238 <sup>a</sup>	1379	34.03	
CEODUALITY = 0	414 <sup>a</sup>	2673	65.97	
COMMITTEE = 1	503 <sup>a</sup>	3226	79.62	
COMMITTEE = 0	191 <sup>a</sup>	826	20.38	
STATEOWNER = 1	13 <sup>a</sup>	86	2.12	
STATEOWNER = 0	537 <sup>a</sup>	3966	97.88	
GENDERQUOTA = 1	130 <sup>a</sup>	716	17.67	
GENDERQUOTA = 0	510 <sup>a</sup>	3336	82.33	

<sup>a</sup>Some of the 548 sampled companies appear in both categories as the variable is not concomitant and can change over time.

in the variables guarantees that our sample has the potential to show how different gradations and combinations of these scores affect CHRP. It is also worth noticing that the different categories of the two moderator variables (gender-inequal countries and developed network-oriented countries) are well represented across the sample. Indeed, the lowest-sized category (GENDERINEQ = 1) still amounts to almost one-third of the total sample (32.06%) because it includes 180 firms and 1299 firm-year observations.

On another note, Table 4 lists the correlation coefficients between the variables. According to Farrar and Glauber (1967) and Studenmund (1992), correlation coefficients are thought to be problematic—denoting a potential multicollinearity problem—when they exceed 0.800. As this is not our case (except for the correlation between the two alternative measures of board gender diversity), multicollinearity does not seem to be altering our results. A further analysis of variance inflation factors (VIFs) for every variable included in the model confirmed the absence of multicollinearity, as VIFs were always lower than 5 (Hair et al. 2010).

## 4.2 | Multivariate Analysis (MVA)

Table 5 reports the two-step system GMM results for the general model without moderation effects to test 1a and 2a (Model 1) and the MRA models to test 1b (Models 2 and 3) and 2b (Models 4 and 5) by measuring GENDER through percentages. Table 6 shows the same information by using the Blau index to calculate GENDER (Model 6 to test 1a and 2a, Models 7 and 8 for 1b, and Models 9 and 10 for 2b). Results and conclusions for the relationships between the dependent, independent, and moderator variables hold either way, so they are robust to the two alternative measures for board gender diversity.

As we can see in Models 1 and 6, board gender diversity influences CHRP positively ( $\beta = 0.792$ ,  $p < 0.05$  when GENDER is measured through percentages, and  $\beta = 53.797$ ,  $p < 0.05$  if we use the Blau index), supporting Hypothesis 1a. Model 1 shows that *ceteris paribus*, an increment of 1% in female board seats seems to boost the CHRP score by almost 0.8 points (on a 0 to 100 scale). Model 6 reveals that boards that enjoy full gender equality (Blau index = 0.5), *ceteris paribus*, have a CHRP score almost 27 points higher ( $53.797 * 0.5$ ) than boards with no female members (Blau index = 0).

Subsequently, the MRA Models 2, 3, 7, and 8 reveal how the effect of board gender diversity on CHRP is influenced by the country's level of gender equality and patriarchal values and beliefs, as the interaction term between GENDER and GENDERINEQ is significantly negative ( $\beta = -1.991$ ,  $p < 0.05$  when GENDER is measured through percentages, and  $\beta = -151.678$ ,  $p < 0.05$  if we use the Blau index). Therefore, Hypothesis 1b can be accepted without a further subgroup evaluation. In particular, with regard to effect sizes, *ceteris paribus*, corporations with an average number of female board seats according to our sample (21%–22%) have a CHRP score around 40 points lower if they are headquartered in a gender inequal country (in comparison to firms headquartered in countries with higher levels of gender equality). This difference is attributable to the different impact that board gender diversity generates in each context, as the

CHRP score gap is reduced to less than 20 points in boards with around 8% of women ( $\bar{x} - \sigma$ ) and rises to 70 points in boards with 35% of female members ( $\bar{x} + \sigma$ ).

Poles apart from the previous case, board nationality diversity does not seem to have a significant or sizeable influence on CHRP in Models 1 and 6 ( $p > 0.05$  both when GENDER is measured through percentages and the Blau index). Thus, Hypothesis 2a should be rejected. Nevertheless, the moderation effects proposed in Hypothesis 2b may still exist in this nonsignificant relationship (Dawson 2014), as the influence of NATIONALITY on CHRP may occur only at a particular value of the moderator variable NETWORKORIENT. The MRA Models 4, 5, 9, and 10 do not reveal a significant interaction term between NATIONALITY and NETWORKORIENT ( $p > 0.05$  when GENDER is measured either through percentages or the Blau index), so a subsequent subgroup analysis is necessary to conclusively accept or reject H2b. Table 7 reports the two-step system GMM results for a subgroup analysis that divided the total sample into two subsamples: one including companies from developed, network-oriented countries (NETWORKORIENT = 1, Models 11 and 12) and another encompassing firms from developing economies and developed, market-oriented countries (NETWORKORIENT = 0, Models 13 and 14). Models 11 and 13 measure GENDER through percentages and Models 12 and 14 use the Blau index to calculate GENDER. Results hold either way, so they are robust to the two alternative measures for board gender diversity.

As Models 11 and 12 show, board nationality diversity influences CHRP positively in firms headquartered in developed, network-oriented countries ( $\beta = 0.283$ ,  $p < 0.05$  when GENDER is measured through percentages and  $\beta = 0.298$ ,  $p < 0.05$  if we use the Blau index). Furthermore, as Models 13 and 14 reveal, this effect does not exist in firms based in the other group of nations ( $p > 0.05$  when GENDER is measured either through percentages or the Blau index). A subsequent Chow test (Chow 1960) is also found to be significant ( $p < 0.01$  when GENDER is measured either through percentages or the Blau index), denoting that the coefficients from the independent and control variables significantly differ across both subsamples. In line with these statements, we can accept Hypothesis 2b, since the two conditions that the subgroup analysis determines to prove the moderation effect of NETWORKORIENT are met. According to the subsample analysis, *ceteris paribus*, companies with an average number of foreign members according to our sample (32%–33%) have a CHRP score around 9 points higher if they are headquartered in a developed, network-oriented country (in comparison to firms headquartered in developing or developed, market-oriented economies). This difference is attributable to the different impact that board nationality diversity has in each context, as the CHRP score gap is reduced to less than three points in boards with around 9% of foreigners ( $\bar{x} - \sigma$ ) and rises to almost 16 points in boards with 55–56% of international directors ( $\bar{x} + \sigma$ ).

Finally, it should be underscored that, as Tables 5, 6, and 7 reveal, every model fulfilled the preset requirements for proper specification and goodness of fit: nonsignificant ( $p > 0.05$ ) Hansen J and  $m_2$  statistics, and Wald tests of the reported coefficients ( $F_1$ ) and of the time dummies ( $F_2$ ) with  $p$ -values consistently under 0.05. Furthermore, every model presented was calculated using the exact same set of instrumental variables and lagged values

**TABLE 4** | Correlation matrix for the sample.

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
1. CHRP	1.000																					
2. GENDER (percentage)	0.437***	1.000																				
3. GENDER (Blau index)	0.437***	0.999***	1.000																			
4. NATIONALITY	0.080***	0.009	0.009	1.000																		
5. GENDERINEQ	-0.224***	-0.341***	-0.287***	-0.287***	1.000																	
6. NEWKORIENT	0.368***	0.355***	0.355***	0.234***	-0.518***	1.000																
7. BOARDSIZE	0.222***	0.188***	0.189***	-0.259***	0.071***	0.134***	1.000															
8. MEETINGS	0.192***	0.241***	0.241***	0.034**	-0.257***	0.236***	-0.034**	1.000														
9. CEDUALITY	0.011	0.016	0.016	-0.173***	0.175***	-0.007	0.162***	-0.074***	1.000													
10. COMMITTEE	0.383***	0.274***	0.274***	-0.034**	-0.104***	0.087***	0.162***	0.141***	-0.024	1.000												
11. INDEPENDENCE	0.172***	0.220***	0.220***	0.012	-0.123***	-0.085***	-0.131***	0.145***	0.029	0.194***	1.000											
12. TENURE	-0.155***	-0.179***	-0.179***	-0.179***	0.193***	-0.179***	0.053***	-0.241***	0.249***	-0.068***	0.031**	1.000										
13. SKILLS	-0.336***	-0.337***	-0.336***	-0.015	0.249***	-0.482***	-0.245***	-0.140***	-0.017	-0.159***	-0.040**	0.092***	1.000									
14. FIRMSIZEASSETS	0.326***	0.194***	0.194***	-0.077***	0.034**	0.136***	0.536***	0.065***	0.170***	0.225***	0.114***	0.063***	-0.204***	1.000								
15. FIRMSIZEEMPL	0.418***	0.214***	0.215***	-0.042***	0.045***	0.225***	0.477***	0.051***	0.186***	0.200***	0.084***	0.010	-0.295***	0.710***	1.000							
16. STATEOWNER	-0.007	0.088***	0.088***	-0.076***	-0.017	0.097***	0.060***	0.069***	0.014	0.015	-0.081***	-0.087***	-0.048***	0.095***	0.055***	1.000						
17. ROA	0.060***	0.007	0.005	-0.006	0.120***	-0.050**	0.016	-0.138***	0.053***	0.022	-0.028	0.090***	-0.008	0.002	0.093***	-0.010	1.000					
18. LEVERAGE	0.055***	0.129***	0.130***	-0.045***	0.057***	0.041***	0.187***	0.044***	0.107***	0.040**	0.065***	-0.053***	-0.114***	0.316***	0.226***	0.011	-0.186***	1.000				
19. GENDERQUOTA	0.234***	0.384***	0.383***	-0.033**	-0.266***	0.484***	0.303***	0.068***	0.103***	0.101***	-0.166***	-0.080***	-0.378***	0.181***	0.191***	0.107***	-0.087***	0.083***	1.000			
20. GLOBALREGION	-0.319***	-0.384***	-0.385***	-0.287***	0.698***	-0.658***	-0.046***	-0.190***	0.053***	-0.087***	-0.062***	0.206***	0.358***	-0.098***	-0.167***	-0.032**	0.028	-0.028	-0.356***	1.000		
21. INDUSTRY	-0.025	0.059***	0.059***	-0.027	0.116***	0.081***	0.152***	-0.075***	0.050***	-0.074***	-0.209***	0.051***	-0.075***	0.136***	0.079***	0.090***	0.127***	0.154***	0.110***	0.007	1.000	

\*\* $p < 0.05$  and \*\*\* $p < 0.01$ .

**TABLE 5** | Two-step system GMM results for the general model and the MRA (GENDER measured by percentage).

Independent and control variables	Model 1	Model 2	Model 3	Model 4	Model 5
GENDER <sub>t-1</sub>	<b>0.792**</b> (2.07)	<b>0.797**</b> (2.11)	<b>1.274**</b> (2.40)	<b>0.817**</b> (2.14)	<b>0.817**</b> (2.12)
GENDERINEQ	—	20.953 (0.65)	63.255 (1.82)	—	—
GENDER <sub>t-1</sub> *GENDERINEQ	—	—	<b>-1.991**</b> (-2.06)	—	—
NATIONALITY <sub>t-1</sub>	-0.116 (-0.79)	-0.087 (-0.58)	-0.116 (-0.66)	-0.133 (-0.77)	-0.118 (-0.37)
NETWORKORIENT	—	—	—	11.160 (0.27)	31.979 (0.55)
NATIONALITY <sub>t-1</sub> *NETWORKORIENT	—	—	—	—	-0.144 (-0.20)
BOARDSIZE <sub>t-1</sub>	-0.095 (-0.04)	-0.358 (-0.15)	-0.939 (-0.32)	0.115 (0.04)	0.072 (0.02)
MEETINGS <sub>t-1</sub>	-0.757 (-0.91)	-0.780 (-0.95)	-0.970 (-1.26)	-0.711 (-0.87)	-0.653 (-0.77)
CEODUALITY <sub>t-1</sub>	-5.173 (-0.35)	-9.960 (-0.62)	-1.751 (-0.11)	-3.447 (-0.21)	-2.830 (-0.19)
COMMITTEE <sub>t-1</sub>	<b>21.589***</b> (3.31)	<b>22.600***</b> (3.25)	<b>24.503***</b> (3.70)	<b>21.428***</b> (3.29)	<b>21.422***</b> (3.35)
INDEPENDENCE <sub>t-1</sub>	-0.130 (-0.28)	-0.130 (-0.30)	-0.144 (-0.32)	-0.117 (-0.24)	-0.121 (-0.24)
TENURE <sub>t-1</sub>	-0.833 (-0.91)	-0.590 (-0.52)	-0.745 (-0.70)	-0.977 (-0.93)	-1.174 (-1.18)
SKILLS <sub>t-1</sub>	0.225 (0.76)	0.206 (0.65)	0.265 (0.84)	0.235 (0.80)	0.208 (0.71)
FIRMSIZEASSETS <sub>t-1</sub>	<b>14.128***</b> (2.62)	<b>13.090**</b> (2.28)	<b>12.497**</b> (2.02)	<b>13.203**</b> (2.15)	<b>12.840**</b> (2.09)
FIRMSIZEEMPL <sub>t-1</sub>	0.052 (1.30)	0.049 (1.26)	0.054 (1.23)	0.050 (1.26)	0.049 (1.21)
STATEOWNER <sub>t-1</sub>	33.675 (0.23)	78.380 (0.50)	104.741 (0.64)	23.191 (0.15)	1.524 (0.01)
ROA <sub>t-1</sub>	-3.309 (-0.31)	-2.719 (-0.25)	-4.392 (-0.40)	-2.627 (-0.25)	-3.651 (-0.33)
LEVERAGE <sub>t-1</sub>	-2.235 (-0.91)	-2.246 (-0.90)	-2.848 (-0.84)	-2.216 (-0.92)	-2.281 (-0.87)
GENDERQUOTA <sub>t-1</sub>	-40.059 (-1.14)	-40.826 (-1.09)	-48.019 (-1.11)	-44.643 (-1.14)	-50.355 (-1.29)
GLOBALREGION dummies	Yes	Yes	Yes	Yes	Yes
INDUSTRY dummies	Yes	Yes	Yes	Yes	Yes
YEAR dummies	Yes	Yes	Yes	Yes	Yes
F <sub>1</sub>	<b>6.07***</b>	<b>5.60***</b>	<b>5.62***</b>	<b>6.06***</b>	<b>5.46***</b>
F <sub>2</sub>	<b>4.00***</b>	<b>3.67***</b>	<b>3.39***</b>	<b>3.71***</b>	<b>3.58***</b>
m <sub>2</sub>	0.21	0.15	0.14	0.22	0.27
Hansen	32.10	31.38	25.44	32.16	30.53

\*\*p &lt; 0.05 and \*\*\*p &lt; 0.01 (t-value between brackets).

**TABLE 6** | Two-step system GMM results for the general model and the MRA (GENDER measured by Blau index).

Independent and control variables	Model 6	Model 7	Model 8	Model 9	Model 10
GENDER <sub>t-1</sub>	<b>53.797**</b> (2.40)	<b>53.320**</b> (2.36)	<b>108.594***</b> (2.83)	<b>55.487***</b> (2.61)	<b>54.872**</b> (2.26)
GENDERINEQ	—	22.739 (0.71)	64.379 (1.93)	—	—
GENDER <sub>t-1</sub> * GENDERINEQ	—	—	<b>-151.678**</b> (-1.98)	—	—
NATIONALITY <sub>t-1</sub>	-0.106 (-0.65)	-0.072 (-0.42)	-0.072 (-0.38)	-0.120 (-0.63)	-0.107 (-0.35)
NETWORKORIENT	—	—	—	11.667 (0.31)	29.657 (0.54)
NATIONALITY <sub>t-1</sub> * NETWORKORIENT	—	—	—	—	-0.148 (-0.22)
BOARDSIZE <sub>t-1</sub>	0.053 (0.02)	-0.165 (-0.07)	-0.756 (-0.25)	0.163 (0.06)	-0.095 (-0.03)
MEETINGS <sub>t-1</sub>	-0.642 (-0.80)	-0.634 (-0.83)	-1.037 (-1.27)	-0.581 (-0.71)	-0.568 (-0.69)
CEODUALITY <sub>t-1</sub>	-5.371 (-0.35)	-9.855 (-0.60)	-1.901 (-0.12)	-2.287 (-0.13)	-1.397 (-0.09)
COMMITTEE <sub>t-1</sub>	<b>20.987***</b> (3.31)	<b>21.902***</b> (3.27)	<b>23.380***</b> (3.68)	<b>21.243***</b> (3.40)	<b>21.296***</b> (3.53)
INDEPENDENCE <sub>t-1</sub>	-0.091 (-0.19)	-0.074 (-0.17)	-0.076 (-0.17)	-0.093 (-0.19)	-0.103 (-0.19)
TENURE <sub>t-1</sub>	-0.878 (-0.91)	-0.585 (-0.49)	-0.693 (-0.63)	-1.044 (-0.95)	-1.280 (-1.22)
SKILLS <sub>t-1</sub>	0.160 (0.58)	0.150 (0.51)	0.304 (1.02)	0.177 (0.65)	0.130 (0.46)
FIRMSIZEASSETS <sub>t-1</sub>	<b>13.568**</b> (2.53)	<b>12.396**</b> (2.14)	12.423 (1.87)	<b>12.576**</b> (2.12)	<b>12.980**</b> (2.22)
FIRMSIZEEMPL <sub>t-1</sub>	0.049 (1.29)	0.044 (1.21)	0.056 (1.32)	0.047 (1.20)	0.045 (1.18)
STATEOWNER <sub>t-1</sub>	34.323 (0.24)	76.854 (0.50)	135.569 (0.78)	15.721 (0.10)	0.641 (0.00)
ROA <sub>t-1</sub>	-4.485 (-0.42)	-4.175 (-0.39)	-4.144 (-0.40)	-3.252 (-0.31)	-5.504 (-0.50)
LEVERAGE <sub>t-1</sub>	-2.483 (-0.94)	-2.581 (-0.93)	-2.834 (-0.86)	-2.469 (-0.95)	-2.555 (-0.91)
GENDERQUOTA <sub>t-1</sub>	-35.084 (-0.99)	-33.986 (-0.88)	-40.989 (-0.94)	-37.379 (-0.95)	-43.531 (-1.14)
GLOBALREGION dummies	Yes	Yes	Yes	Yes	Yes
INDUSTRY dummies	Yes	Yes	Yes	Yes	Yes
YEAR dummies	Yes	Yes	Yes	Yes	Yes
F <sub>1</sub>	<b>6.58***</b>	<b>6.38***</b>	<b>6.05***</b>	<b>6.62***</b>	<b>6.05***</b>
F <sub>2</sub>	<b>4.26***</b>	<b>4.08***</b>	<b>3.33***</b>	<b>4.02***</b>	<b>3.62***</b>
m <sub>2</sub>	0.29	0.22	0.12	0.31	0.39
Hansen	34.79	34.10	28.10	34.74	32.61

\*\*p &lt; 0.05 and \*\*\*p &lt; 0.01 (t-value between brackets).

TABLE 7 | Two-step system GMM results for the subgroup analysis.

Independent and control variables	Subgroup 1 NETWORKORIENT=1		Subgroup 2 NETWORKORIENT=0	
	Model 11 (GENDER by percentage)	Model 12 (GENDER by Blau index)	Model 13 (GENDER by percentage)	Model 14 (GENDER by Blau index)
GENDER <sub>t-1</sub>	-0.571 (-1.48)	-39.097 (-1.06)	0.257 (0.77)	12.459 (0.60)
NATIONALITY <sub>t-1</sub>	<b>0.283**</b> (2.01)	<b>0.298**</b> (1.97)	-0.150 (-0.94)	-0.170 (-1.05)
BOARDSIZE <sub>t-1</sub>	-0.720 (-0.32)	-0.999 (-0.44)	3.789 (1.51)	3.341 (1.28)
MEETINGS <sub>t-1</sub>	-0.073 (-0.14)	-0.120 (-0.21)	-0.534 (-0.46)	-0.356 (-0.30)
CEODUALITY <sub>t-1</sub>	-1.928 (-0.18)	-1.299 (-0.12)	-2.328 (-0.15)	-2.048 (-0.13)
COMMITTEE <sub>t-1</sub>	13.284 (1.51)	10.282 (1.14)	<b>20.293***</b> (2.65)	<b>18.879**</b> (2.39)
INDEPENDENCE <sub>t-1</sub>	-0.186 (-0.93)	-0.135 (-0.65)	-0.039 (-0.06)	0.052 (0.09)
TENURE <sub>t-1</sub>	0.479 (0.36)	0.659 (0.50)	-1.284 (-0.84)	-0.994 (-0.64)
SKILLS <sub>t-1</sub>	-0.089 (-0.51)	-0.156 (-0.83)	-0.038 (-0.15)	-0.032 (-0.12)
FIRMSIZEASSETS <sub>t-1</sub>	11.019 (1.30)	11.226 (1.27)	9.691 (1.45)	10.489 (1.61)
FIRMSIZEEMPL <sub>t-1</sub>	0.046 (1.45)	0.047 (1.41)	-0.007 (-0.08)	0.009 (0.11)
STATEOWNER <sub>t-1</sub>	66.565 (1.26)	61.998 (1.11)	35.104 (0.09)	-79.164 (-0.22)
ROA <sub>t-1</sub>	3.636 (0.20)	8.708 (0.43)	16.589 (1.32)	16.347 (1.26)
LEVERAGE <sub>t-1</sub>	-0.789 (-0.25)	-1.216 (-0.33)	0.347 (0.55)	0.307 (0.51)
GENDERQUOTA <sub>t-1</sub>	28.495 (1.40)	27.618 (1.39)	-133.164 (-0.83)	-104.421 (-0.65)
GLOBALREGION dummies	Yes	Yes	Yes	Yes
INDUSTRY dummies	Yes	Yes	Yes	Yes
YEAR dummies	Yes	Yes	Yes	Yes
F <sub>1</sub>	<b>3.70***</b>	<b>3.36***</b>	<b>8.41***</b>	<b>8.97***</b>
F <sub>2</sub>	<b>4.26***</b>	<b>3.87***</b>	<b>2.94***</b>	<b>3.40***</b>
m <sub>2</sub>	-0.50	-0.62	-1.79	-1.76
Hansen	26.74	26.93	32.14	33.67
Chow test	<b>2.00***</b>	<b>1.90***</b>	<b>2.00***</b>	<b>1.90***</b>

\*\*p &lt; 0.05 and \*\*\*p &lt; 0.01 (t-value between brackets).

of the endogenous variables so as to assure consistency in the results.

### 4.3 | Robustness Checks

The measure we employed to operationalize our dependent variable CHRP was constructed by means of a percentile rank methodology so that every company score was standardized by comparing its performance to that of its business peers in each period (Refinitiv 2021) before our sample was drawn up. This methodology has advantages (e.g., it allows us to capture the dynamic component of corporate human rights behavior and to effectively benchmark the best-in-class and the underperformers from the Refinitiv Eikon database's large business population with potentially homogeneous behaviors) but also limitations (e.g., a company can change its relative rank even if it did not change its human rights behavior because of shifts in its peers' conduct). In order to test if these measurement-related shortcomings were affecting our results, all the models were re-run by drawing on an alternative measure for CHRP that was not transformed by relative ranks. This alternative score was calculated by adding, for each firm in every one of the years considered, the raw performance that the company had on the eight different metrics that make up Refinitiv's HR score (previously described in footnote 1). Each of the eight components was computed by a dummy variable equal to 1 if the firm fulfilled that condition and 0 otherwise. After the eight metrics were summed up, the final measure was expressed as a percentage to facilitate interpretation. Therefore, this alternative operationalization of CHRP ranges between 0 and 100 on a metric scale, with 100 assigned to businesses that fulfilled all of the eight elements considered and 0 to those that did not comply with any of them. All the results hold and are therefore robust to this alternative measurement approach that considers an absolute value for CHRP rather than a relative one.

## 5 | Discussion and Conclusions

This empirical study finds that both board gender diversity and board nationality diversity play a role in determining CHRP and that their influence on BHR behavior is greatly affected by the institutional context of the firm.

First, we have revealed that the inclusion of female board members is positive for CHRP in countries that enjoy higher levels of gender equality. Thus, in institutional contexts where women are empowered and enjoy full inclusion in the labor market, corporate boards seem to leverage women's attitudes, beliefs, and perspectives, becoming more prone to defend stakeholder views and long-term societal outcomes—hence BHR claims (Mallin and Michelon 2011). Moreover, blending men and women in the boardroom when there is less prejudice and fewer restraints toward the female gender broadens the board's networks, creativity, and flexibility and therefore fuels corporate sensitivity to welfare, long-term sustainability, and social justice issues like those regarding HR (Alonso-Almeida, Perramon, and Bagur-Femenias 2017).

Nevertheless, our results also indicate that the positive impact that board gender diversity has on CHRP could be lower in societies that still suffer from widespread patriarchal values and

beliefs that trigger gender inequality. As this morality tends to spill over into corporate culture among businesses headquartered there, the debates, concerns, synergies, and complementary assets that female directors could deliver seem to be systematically disregarded by boards in male-dominated cultures, supporting the arguments pointing to tokenism (Muttakin, Khan, and Subramaniam 2015). Furthermore, the educational gap that characterizes women within such patriarchal states makes them more prone to conformist attitudes that merely observe and support their male counterparts' opinions and shareholders' desires—to the prejudice of stakeholder claims (Uddin and Choudhury 2008). This could explain the weaker effect indicated in our results that board gender diversity has on CHRP in this specific institutional context.

On another note, our analysis reported that the inclusion of international directors on corporate boards has a significantly positive effect on corporate human rights conduct only when it takes place in a specific corporate governance setting, that of network-oriented states, typical of the EU and other Continental European countries, as well as Japan (Weimer and Pape 1999). This institutional context, forged by long-term understanding rooted in the Continental European and Japanese traditions of business activities, organizational missions, and corporate functioning, facilitates the integration of international newcomers in boardrooms, business structures, and firms' relatively more stable and interlocking relationship networks (Frias-Aceituno, Rodriguez-Ariza, and Garcia-Sanchez 2013). Therefore, in cultures defined by this network-oriented approach to corporate governance, foreign directors can bring to board discussions and managerial practices the differing ideas, insights, expertise, and networks that make BHR initiatives emerge and prosper (Hafsi and Turgut 2013).

### 5.1 | Theoretical and Practical Implications

The above results amount to relevant contributions to the management field in general and research into the determinants of CHRP in particular. First, we have continued along the path laid out by some pioneer researchers like Attig et al. (2016), Beji et al. (2021), Mallin and Michelon (2011), and Sambharya and Goll (2021), who dealt with CHRP in an individualized way, differentiating this measure from other ESG-related components of CSR. This incipient research line has already revealed that the general drivers of CSR do not necessarily match the specific antecedents of CHRP (Beji et al. 2021) and can be theoretically upheld whether CSR performance and CHRP are considered as disconnected issues (e.g., Ramasastry 2015) or as related concepts (e.g., Schrempf-Stirling, Van Buren, and Wettstein 2022).

Second, this paper represents the first large-scale, global empirical study on the relationship between board diversity and CHRP. By estimating panel data from 548 companies over 10 years and 11 global regions, we have been able to ratify some conclusions from previous analyses that only studied firms from one specific country (Beji et al. 2021; Mallin and Michelon 2011; Wheeler 2019). In this case, we have come up with results that are more conclusive and inferable and therefore useful for progress in the BHR field. Thereby, we have answered scholarship calls for both more comprehensive empirical research in this academic



area (Ciravegna and Nieri 2022; Schrempf-Stirling, Van Buren, and Wettstein 2022; Wettstein et al. 2019) and the inclusion of multicountry and multisectoral approaches (Cuervo-Cazurra et al. 2021; Wettstein et al. 2019; Whelan and Muthuri 2017).

Third, this paper offers for the first time a framework to evaluate how institutional pressures can affect the relationship between board diversity variables and CHRP. We have found the key roles that a country's gender (in)equality status and a society's corporate governance orientation play in how board diversity affects CHRP. We have also met academic demands for the inclusion of long-established management theories (e.g., institutional approach, social role theory, and resource dependence theory) into BHR discussions and analyses (Cuervo-Cazurra et al. 2021; Wettstein et al. 2019).

This analysis also has practical implications for corporate practitioners. BHR legislation has been increasingly strengthened over the last decade, so litigation and reputation risks associated with HR violations represent an increasing threat to businesses (Meeran and Meeran 2021; Schrempf-Stirling and Wettstein 2017). Therefore, firms that are eager to overcome these difficulties and perform well in this area can take our results into consideration when deciding about their board composition so as to enhance CHRP. Putting these analytical recommendations into business practice could even be relevant to support firm growth and industrial leadership, as proactiveness in BHR compliance has been identified as a potential source of competitive advantage in the near future (Schrempf-Stirling, Van Buren, and Wettstein 2022).

Furthermore, this article insists on the benefits that women can bring to business organizations, particularly when corporations operate in societal contexts that support women's empowerment and inclusion. We reveal that the mere inclusion of women in the corporate scene is not enough to boost corporate human rights compliance globally. An effective cross-country shift in societal values that leaves patriarchal stances behind and achieves widespread support for gender equality is also required. This key conclusion may be useful to policymakers for guiding targets. Ratios of female directors on corporate boards reveal that we are still far from gender equality (Milhomem 2021; Sier et al. 2020), and many countries are still dominated by values and beliefs that systematically disregard women just because of their gender (United Nations 2024). There is therefore plenty of room for progress in this area—not only as an act of social justice but also to face the increasing business risks of HR infringements.

## 5.2 | Limitations and Future Research

In spite of the above, we must acknowledge some limitations of this study and also point to opportunities for future research. For instance, this analysis considers linear relationships between board diversity variables and CHRP, but the effects could be more complex. In this sense, some scholars consider that a critical mass of women is required on corporate boards to observe significant effects on ESG policies from their presence (Bear, Rahman, and Post 2010). Future studies in this area might consider the existence of critical mass provisions or U-shaped relationships.

Likewise, we only analyze the individual relationship between specific board diversity variables and CHRP, but some authors suggest possible interactions and dependencies among such regressors when impacting CSR performance (Cuadrado-Ballesteros, García-Rubio, and Martínez-Ferrero 2015). For this reason, we propose looking for possible moderating variables (e.g., the potential effect of female CEOs on the relationship between board gender diversity and CHRP) or even employing cluster analysis techniques to reveal possible combinations that may deliver better or worse outcomes on CHRP (e.g., large-sized boards with a high proportion of female and independent directors and a low proportion of foreigners).

On another note, our database has not allowed us to consider the national origin of the different directors who conform to the board when measuring board nationality diversity. As that information was not available, we assumed that the more foreigners were included on board, the more countries would be included in the pool of directors and thus the higher levels of diversity would be reached. We encourage future scholars to explore the place of origin of foreign directors as another potential interactive effect in this model. Miletkov, Poulsen, and Wintoki (2017) revealed that the specific nationality of a foreign director has a direct impact on value creation inside the business. Blending this statement with the conclusions of this study, it might be thought-provoking to scrutinize how directors coming from one particular institutional context would change CHRP when holding board seats in companies in a different institutional setting (e.g., the impact of Continental European directors in Anglo-Saxon corporations).

Apart from these limitations, other topics of interest may also be worth exploring. For example, studies could analyze potential intragroup divergences within the different institutional contexts that we have identified so as to improve our proposed framework. In this regard, Weimer and Pape (1999) distinguished between three more subdivisions inside network-oriented approaches: Such societies might follow a German, Latin, or Japanese model. Russia, too, might have developed its own network-oriented system (McCarthy and Puffer 2002). Hofstede's (1983) schemes to classify national cultures may also provide interesting clues for identifying further moderation effects. Cubilla-Montilla et al. (2019) have already verified that some cultural traits seem to influence CHRP.

Lastly, a thorough examination of the relationship between CHRP and a firm's financial performance may be highly valuable, as it has not yet been empirically explored. We urge researchers to tackle this research question in the near future, since their conclusions may encourage businesses to adopt more comprehensive BHR policies, thereby contributing to HR observance among local communities all around the globe.

### Author Contributions

All authors contributed to the study conception and development. All authors read and approved the final manuscript.

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## Data Availability Statement

The data that support the findings of this study are available from Refinitiv Eikon database. Restrictions apply to the availability of these data, which were used under license for this study.

## Endnote

<sup>1</sup> Those components are as follows:

1. Issuance of a formal policy on BHR establishing the processes and diligences that assure that HR are respected for every stakeholder affected by, interested in, or related to the business activity.
2. Proper evidence of employees' freedom of association on political parties and trade unions.
3. Submission of policies, actions, programs or initiatives to avoid the use of child labor.
4. Presence of policies, actions, programs or initiatives to avoid the use of forced labor.
5. Manifest compliance to the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights,
6. Report of HR criteria on the selection and monitoring processes of suppliers and sourcing partners.
7. Formal disclosure of processes and policies to end a partnership with a supplier or sourcing partner if HR criteria are no longer meet by the third-party provider.
8. Membership of the Ethical Trading Initiative (ETI), a leading alliance of companies, trade unions and NGOs that promotes respect for HR around the globe.

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