University of Reading

BOARD DIVERSITY IN THE PURSUIT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE GOALS: A UNITED-ARAB-EMIRATES-BASED STUDY

Asma Alawadi

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DECLARATION

I hereby affirm that the submitted work is exclusively my own creation and any utilisation of

external resources has been duly and comprehensively acknowledged.

ABSTRACT

This qualitative, empirical study explores the influence of board diversity on the attainment of environmental, social and governance (ESG) objectives within organisations based in the United Arab Emirates (UAE). Building upon existing literature, this research explores the connection between board diversity and ESG objectives in a novel context. Through the thematic analysis of data derived from interviews with 42 board members from UAE-based firms, the study identifies four key themes. The themes are: (i) social resources, (ii) knowledge resources, (iii) contextual resources and (iv) community resources. The findings reveal that diverse board members contribute social resources through their access to various networks, such as senior networks, government networks, international networks and expert networks. The research also underscores the importance of directors possessing extensive professional and educational connections. The study offers a comprehensive review of the knowledge resources available among board members by examining skills, cognitive diversity and demographic diversity. The results demonstrate that contextual resources, such as culture and religion, significantly affect the implementation of ESG objectives. Upon analysing the data, community resources, including geographic and representational diversity, were found to considerably influence the execution of ESG objectives. These findings enrich resource dependence theory (RDT) by pinpointing specific resources that stem from board diversity, as seen from the perspective of board members themselves. The study offers valuable insights for the development of existing literature and for policymakers in formulating regulations pertaining to ESG and board diversity in the UAE and other Gulf region economies.

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1. Kanadli, S., Alawadi, A., Kakabadse, N. and Zhang, P. (2022) 'Do independent boards pay attention to corporate sustainability? Gender diversity can make a difference', *Corporate Governance*, 22(7), pp. 1390-1404. Available at: https://doi.org/10.1108/CG-09-2021-0352

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1. Alawadi, A., Kakabadse, N. and Khan, N. (2021) 'Board diversity and ESG practices: Sustainability and stakeholder learning from the COVID-19 crisis', *35th Conference and 2nd BAM Conference in the Cloud—Recovering from COVID: Responsible Management and*

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2. Alawadi, A., Kakabadse, N. and Khan, N. (2022) 'Resources of a diversified board of directors in the pursuit of ESG Goals', *EURAM 2022*, 15–17 June, Zürich, Switzerland, ID: 1478.

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2. Alawadi, A., Kakabadse, N., Kakabadse, A. and Zuckerbraun, S. 'The blockchain organisation utopia', *Journal of Management Inquiry*. (Submitted February 2023.)

3. Alawadi, A., Kakabadse, N. and Khan, N. 'Diversified boards and the achievement of ESG goals', *Business Ethics: The Environment and Responsibility*. (Submitted March 2023).

Work in Progress

1. Alawadi, A., Kakabadse, N., Khan, N. and Bodolica, V. 'Directors' perspectives on board functional diversity and ESG outcomes'.

2. Alawadi, A., Kakabadse, N. and Khan, N. 'The impact of board diversity on sustainability outcomes in a crisis: Tipping the balance between secondary and primary stakeholders'.

Forthcoming Conferences

1. Alawadi, A., Kakabadse, N., Kakabadse, A. and Zuckerbraun, S. (2023) 'The blockchain organisation utopia', *EURAM*, Paper ID Number: 1859.

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LIST OF ABBREVIATIONS

BBOP	Business and Biodiversity Offsets Programme
CEO	Chief executive officer
CFA	Chartered Financial Analyst
CG	Corporate governance
CSR	Corporate social responsibility
DEI	Diversity, equity and inclusion
ESG	Environmental, social and governance
EU	European Union
GP	United Nations Guiding Principles on Business and Human Rights
IFC	International Finance Corporation
LLC	Limited liability company
MBA	Master of Business Administration
NNL	No net loss
NPI	Net positive impact
OHS	Occupational health and safety
PJSC	Public joint stock companies
PP	Principal–principal
PRI	Principles for responsible investment
RDT	Resource dependence theory
SCA	Securities Commissions Authority
SDGs	Sustainable Development Goals
TEEB	Economics of Ecosystems and Biodiversity
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNHRC	UN Human Rights Council
US	United States
WFD	Waste Framework Directive

Chapter 1

INTRODUCTION

1.1 Chapter introduction

This dissertation explores the relationship between board diversity, ESG objectives, and organisational resources. This first introductory chapter elucidates the premise for the research. It discusses the theoretical basis and practical applications that impelled the researcher to undertake this inquiry. It considers how the investigation parameters, aims and objectives engendered the research question. The chapter presents a concise overview of the principal contributions to the theoretical and practical domains made by this research. The introduction concludes with a delineation of the dissertation organisation and a concise synopsis.

1.2 Research rationale

The relationship between board diversity and ESG objectives has recently attracted considerable attention from scholars. Diverse boards are recognised for their potential benefits in promoting ESG performance. How board diversity influences ESG objectives and the factors that may affect this relationship remain poorly understood. Despite the widespread application of RDT in research, limited knowledge exists on the types of resources that board members contribute. Inadequate research on this topic has been conducted in the UAE, which is a country whose economic influence continues to grow. The present study endeavours to address these gaps by utilising RDT to examine the relationship between board diversity and ESG objectives in the UAE.

The impetus for the present dissertation arose from various personal, practical and theoretical motivations. The enigmatic processes that transpire within the confines of the boardroom have long captivated my attention. As an exclusive cohort, board members often

remain unapproachable, yet their actions wield tremendous potential to impact the lives of many individuals, for better or worse. I was propelled by a desire to ascertain the extent to which board members actively contribute to and prioritise ESG objectives and to gauge the degree to which diversity serves a greater purpose beyond that of equity.

This thesis is underpinned by pragmatic considerations related to board diversity on corporate boards and the emerging focus on ESG issues. The UAE has taken steps to address gender imbalances on boards. Firms are facing increasing pressure from stakeholders to enhance diversity in top management. The relevance of ESG factors has gained traction globally and in the UAE. Prior studies have demonstrated a link between board diversity and ESG performance (e.g., Harjoto *et al.*, 2015). However, the existing evidence is primarily correlational and does not establish whether diverse board members engage in ESG discussions. To address this gap, a qualitative approach that captures the first-hand accounts of board participants is necessary to illuminate the relationship between ESG and board diversity and provide valuable insights for practitioners.

This thesis is driven by a theoretical examination of board members' contributions through the lens of RDT. An increasing body of research has employed this theory. However, previous studies utilising this theory as a framework to explore board member contributions have failed to provide a comprehensive understanding of the particular types of resources that board members bring (e.g., Hillman *et al.*, 2000; Hillman *et al.*, 2009; Pfeffer and Salancik, 1978). This thesis applies the resource dependence framework to the UAE context to identify resources that board diversity provides and how these resources contribute to the firm's ESG objectives. There is potential for this thesis to make a distinctive contribution to the literature by applying RDT to board diversity in the UAE. This context has not yet been explored. Through a thorough analysis

of the specific types of resources resulting from board diversity, this thesis has the potential to confirm RDT's efficacy as a framework for examining board contributions.

1.3 Research scope, aims and objectives

The aim of this research is *to investigate the impact of board diversity, ESG objectives and available resources in organisations*. The study is situated within the burgeoning expectations for corporations to make tangible contributions to ESG objectives. It is grounded in the amplified demand for research that elucidates the influence of board characteristics on board diversity and for more qualitative inquiries that analyse the effects. The study also responds to calls to examine the UAE context. This investigation endeavours to attain the following objectives:

a) To explore the current state of board diversity in organisations and its impact on ESG objectives

b) To identify the intangible resources that diverse board members devote to attaining ESG goals.

c) To investigate the diversity characteristics that members of boards recognise as contributing to the achievement of ESG objectives.

d) To identify and analyse the unique contextual factors that influence the attainment of ESG objectives in UAE firms.

e) To propose a framework for the impact of board diversity on ESG objectives.

After a thorough examination of pertinent scholarly works, the primary research question that emerged was: *How does the diversity of a board influence ESG objectives of firms in the UAE?*

1.4 Research contributions

The present investigation offers valuable additions to the theoretical and empirical underpinnings of resource dependence while simultaneously serving as a salient resource for corporate entities regarding board appointments and regulatory bodies. The next two sections furnish a synopsis of these contributions, which are subsequently expounded upon and scrutinised in depth in the fifth chapter and specifically in Sub-section 5.6.

1.4.1 Contributions to theory

The present scholarly work furthers RDT (Pfeffer and Salancik, 1978) by examining the impact of board diversity in the UAE context. Prior research that utilised RDT as a framework to examine board members' contributions has failed to provide a comprehensive understanding of the specific types of resources that board members bring. The present study aims to fill this gap in the literature by applying RDT to board diversity in the UAE. RDT posits that board members provide four benefits to organisations: guidance in the form of advice and counsel, access to information networks, privileged access to resources, and legitimacy (Pfeffer and Salancik, 1978). This study identifies specific types of resources resulting from board diversity, including social, knowledge, contextual, and community resources. The study highlights the importance of inter-organisational networks and connections for firms seeking to achieve ESG goals. It underscores the value of diverse resources for organisations to manage complex risks, such as ESG issues.

Social resources are primarily contacts and networks derived from functional diversity that board members can leverage to influence policy-making and decision-making processes. The study finds that board members' access to senior networks allows them to influence the

actions of others and contribute to the general integration of ESG objectives in the businesses they advise. Firms rely on external resources, such as government laws and regulations, to achieve their objectives. A board's connection to government networks is vital for influencing the policy decision-making process and achieving the intended result. Access to networks is a considerable gain, as stated in RDT (Pfeffer and Salancik, 1978), as it reduces the number of resources required and their associated costs. This reduces reliance on other companies that would have to be contracted to resolve issues.

The study shows that knowledge resources derived from diverse skill sets can drive innovation in decision-making and contribute to better performance outcomes. Consistent with the resource dependence hypothesis (Hillman and Dalziel, 2003), which posits that organisations depend on resources to achieve their objectives, the study finds that the utilisation of internal resources, such as a diverse board skill set, can reduce dependence on external resources. The study recommends leveraging internal resources, as this can enhance organisational performance. Board members with diverse skills can drive innovation in decision-making and contribute to better performance outcomes, aligning with RDT's notion of accessing a diverse set of resources. To achieve effective decision-making, board members need to possess complementary skill sets, enabling them to utilise their full range of abilities to address challenges and avoid conflicts.

The study highlights the importance of contextual resources, stemming from culture and religion, and their potential influence on a firm's achievement of ESG objectives. Culturally embedded resources may enhance a firm's legitimacy, credibility and stakeholder engagement, promoting greater efficiency and durability. RDT posits that a firm's success and survival depend on the availability of resources in the firm's external environment (Biermann and Harsch, 2017). Having a diverse board with members from different cultural backgrounds can increase a

firm's access to external resources and offer novel insights that can enhance performance and competitiveness. Culturally diverse board members can help ensure that a firm's priorities align with its most important stakeholders and can bring fresh ideas.

The study highlights the significance of community resources for corporations, including geographic and representative diversity. The findings are consistent with the resource dependence hypothesis, which suggests that businesses rely on their surrounding environment to acquire resources (Goodstein *et al.*, 1994; Arnegger *et al.*, 2014). Having diverse board members, including those from different regions, may help businesses maintain positive relationships with the countries where they operate by enhancing their understanding of local issues and concerns. The study suggests that having a culturally diverse board may serve to mitigate cultural misunderstandings and facilitate more effective decision-making regarding ESG initiatives.

1.4.2 Contributions to practice

This thesis explores the impact of board diversity on attaining ESG objectives in firms operating in the UAE. While previous studies have focused on quantitative analysis, this study adopts a qualitative approach to better understand the underlying mechanisms driving the impact of board diversity on ESG practices. The study identifies a range of resources, including social, knowledge, contextual and community resources, which diverse boards can contribute to in facilitating ESG objective implementation. The study highlights the importance of contextual factors in motivating board engagement in ESG. For instance, complying with government guidelines on ESG can help firms win government tenders or contracts. The findings of this thesis can assist UAE regulators in developing effective policies, regulations and rules to promote ESG practices and achieve their broader sustainability goals.

The study identifies that a diverse board is likely to enhance a firm's capacity to access social resources, enabling it to exert greater influence on policy-making and decision-making processes while reducing external dependencies and associated costs. The advantages of cognitive and demographic diversity include conflict avoidance, management of complex risks, informed decision-making, fresh perspectives, enhanced comprehension, resilience and legitimacy. Leveraging contextual and community resources can improve a firm's access to critical resources, foster trust and facilitate integration into the global economy. Firms committed to advancing their ESG objectives can benefit significantly from leveraging diverse board resources. They can enhance their sustainability efforts, contribute to the well-being of local communities and achieve long-term success. The findings and insights derived from this study could be beneficial in enhancing the overall efficacy of board governance and a corporation's capacity to achieve ESG objectives, particularly in the UAE.

1.5 Dissertation organisation

Chapter 2 of this dissertation comprises an in-depth evaluation of the literature and an examination of relevant theories and inquiries. The literature review begins with definitions of board diversity and culminates in an examination of the advantages and disadvantages of diversity, as reported in the literature. The review explores the concepts of heterogeneity and surface- and deep-level diversity, followed by an analysis of the evolution of ESG and an overview of current ESG literature. This chapter includes a section on corporate governance (CG), which discusses the concept of CG in emerging economies and particularly in the UAE. The discussion also delves into the relationship between ESG and CG and highlights the role of ESG and CG in Islamic law, as portrayed in the literature.

The second part of Chapter 2 elucidates the theories that are commonly employed to study boards, such as stakeholder theory, resource dependency theory, agency theory, upper echelon theory, behavioural organisation theory, bounded rationality and institutional theory. This section also examines other theories that are not frequently used in board research, such as pipeline theory, groupthink, critical mass theory, social role theory, signalling theory, faultline theory and gatekeeping theory. A comparison is provided between the most commonly used theory (agency theory) and the foundational theoretical perspective informing this investigation (resource dependency theory). The discussion shifts focus towards extant research investigating the impact of board diversity on ESG and provides a brief overview of the limited board research conducted in the UAE. The chapter concludes with an outline of the research gaps and a discussion of the selected theoretical framework used in this research.

Chapter 3 describes the research methodology employed in the current study. It outlines the philosophical foundations for the research, the approach adopted to conduct the research, the inquiry logic employed, the guiding theory employed, the research context, the level and subject of examination, the sampling process, the data-gathering methodologies and evaluation, the pilot study and the ethical considerations that were taken into account during the research process.

Chapter 4 presents the research findings and an in-depth discussion of the results. The findings are categorised into four overarching themes and analysed in conjunction with existing literature and previous research studies.

Chapter 5 summarises the findings discussed in the previous chapter and advances a theoretical framework that encompasses the salient associations unveiled through the research. This chapter introduces novel propositions that warrant further exploration. An evaluation of the research quality is carried out, ascertaining which of the study's objectives have been satisfied.

The study's contributions to theoretical and practical applications are delineated. The chapter concludes by pointing out the study's limitations, identifying potential areas for future research and reflecting on the personal development of the doctoral candidate.

1.6 Chapter summary

This introduction has explained the premise for the research, enunciated the research question and delimited the goals and purposes of the study. It has furnished a succinct and abridged exposition of the research's contributions to the theoretical and practical domains. The next chapter offers a comprehensive examination of the existing literature pertaining to board diversity and ESG issues. It explicates the research potential. It discusses RDT, which was chosen as the theoretical framework for this study.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

In the present chapter, an in-depth analysis of three distinct yet interrelated strands of scholarly literature is undertaken, encompassing: (1) exploration of board diversity in corporate settings, (2) study of ESG and (3) examination of CG.

In the modern corporate world, there is increased focus on board composition and enhanced concerns on whether the corporations consist of diverse and inclusive boards for more well-balanced governance. There is more regulatory and public scrutiny of how corporations engage in ESG practices, yet ESG is no longer seen as simply a voluntary act by corporations. It goes beyond the voluntary intentions and acts of corporate leaders. This chapter aims to provide meaningful insights into the impact of boardroom diversity on ESG practices and tackles a gap in the literature when it comes to more qualitative focused studies regarding the impacts of board diversity on ESG in the unique context of corporations in the UAE. While ESG and board diversity have been examined in Western contexts, this is a developing area of research in the Middle East. To determine the impact of board diversity on ESG in the UAE, three critical areas need to be evaluated, including CG, board diversity and ESG. The Venn diagram shown in Figure 1 below highlights the interactions of these three areas. The intersections in the Venn diagram highlight the material studied in the literature review to present insights into the impact of board diversity on ESG in the UAE.
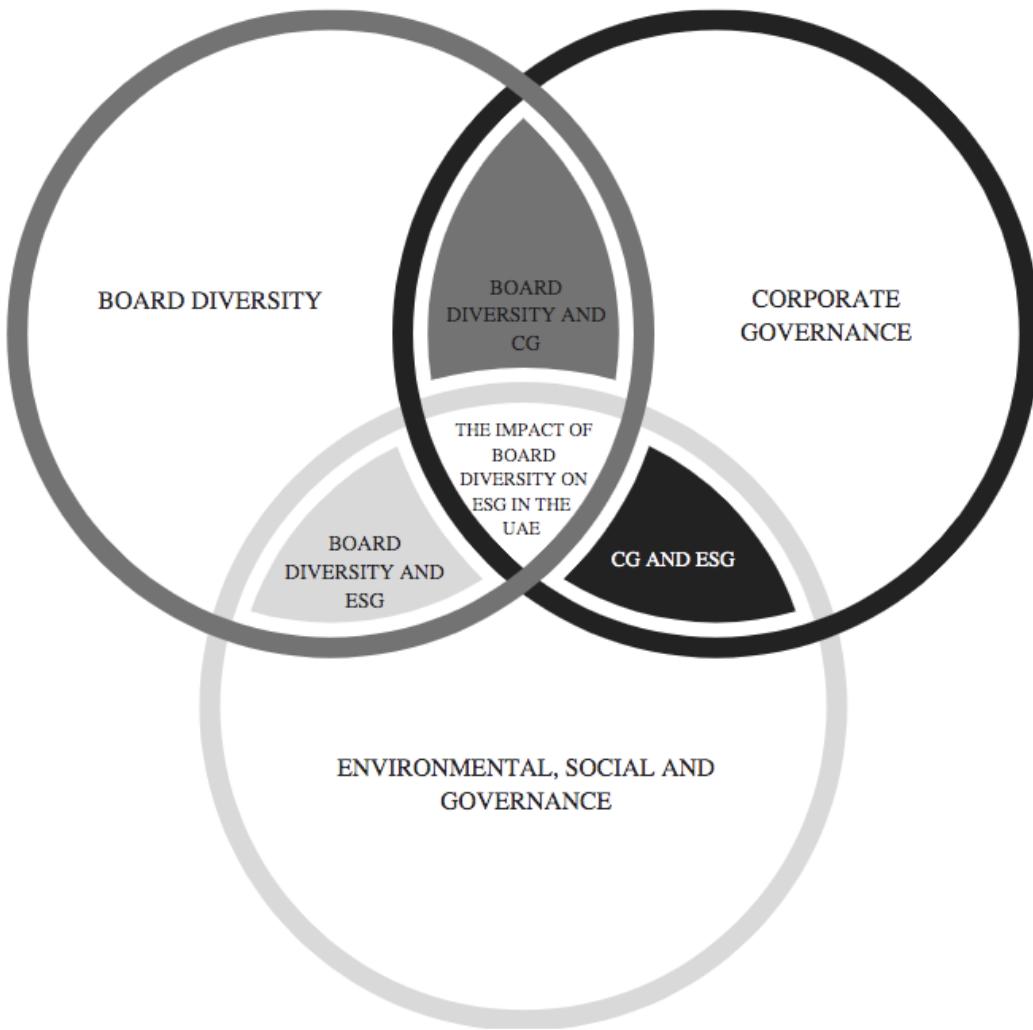
Figure 1: Venn diagram showing breakdown of the topic
Abbreviations: CG = corporate governance; ESG = environmental, social and governance; UAE = United Arab Emirates.

This chapter is organised into eight sections. The initial section serves as an introduction, while the subsequent three sections correspond to the thematic categories delineated within the Venn diagram (Figure 1). The ensuing sections delve into the diverse theories encompassed within board diversity literature and the intersections of the Venn diagram. The table provided below offers an overview of the chapter's structural framework (Table 1).

Table 1: Breakdown of chapter structure

Section title	Description
2.1 Introduction	Introduces the impact of board diversity on ESG in the UAE and breaks down the components of the chapter, highlighting what is discussed in each section.
2.2 Board diversity	Discusses definitions associated with board diversity and the definition used in this study. This section also covers diversity theories, such as heterogeneity and diversity beliefs. It concludes with a table of the advantages and disadvantages of board diversity.
2.3 ESG practice	Discusses the evolution and literature on ESG. Each element of ESG is broken down and explored individually. Concludes by discussing ESG in the UAE.
2.4 Corporate governance	Defines CG and discusses its roots. Discusses CG in emerging economies, CG in the UAE and the role of ESG and CG in Islamic law.
2.5 Board theories	Every theory found in board diversity literature is discussed and a tabular review of the theories is presented. The theory used in this study is outlined.
2.6 Board diversity and its impact on ESG outcomes	Covers two of the key points of the research question. Breaks down various aspects of diversity such as age, nationality, and education, and discusses the literature for each.
2.7 Research gaps	Discusses research gaps in the existing literature and explains how this study aims to tackle them.
2.8 Chapter summary	Offers a brief conclusion on what was covered in this chapter.

Abbreviations: CG = corporate governance; ESG = environmental, social and governance; UAE = United Arab Emirates.

The next sections make a comprehensive review of three salient domains of literature: (1) board diversity; (2) ESG criteria; and (3) CG.

2.2 Board diversity

The concept of board diversity encompasses a plethora of definitions. Notable examples include the definitions proposed by Carter, Simkins, and Simpson (2003) and Jebran, Chen, and Zhang

(2020), which are delineated in Table 2 below. Many scholars have adopted the definitions of Harrison and Klein (2007), while others have opted to develop their own. This section commences with an examination of the diverse definitions pertaining to board diversity and describes the definition employed in this study.

Many debates concerning board diversity permeate the existing literature. Several key themes include intrapersonal and interpersonal heterogeneity, diversity beliefs and worldview diversity. This section culminates with an exploration of the merits and drawbacks associated with board diversity and the diverse perspectives held by scholars.

2.2.1 Board diversity definitions

Many studies have examined the impact of diversity on boards of directors. However, these investigations have employed an array of diversity definitions. A particularly influential definition of diversity was proposed by Harrison and Klein (2007), which comprises three distinct elements: separation (heterogeneity in viewpoints), variety (variations in classification and categorisation) and disparity (discrepancies in social influence and resource allocation). The separation aspect of diversity emphasises the non-observable distinctions, such as divergent viewpoints and values (Harrison and Klein, 2007). This category may encompass variations in board members' perspectives on the significance of ESG issues and reporting, which could stem from either observable (such as gender) or unobservable (such as background) diversity characteristics.

Conversely, diversity in variety encompasses non-observable distinctions in type, category, experience and knowledge among board members (Harrison and Klein, 2007). Examples of diversity in terms of variety may include board members possessing diverse functional and educational backgrounds. Diversity in disparity pertains to variations in social

authority, arising when team members possess different social rankings or access to resources (Harrison and Klein, 2007). In the context of boards in the UAE, such disparities may manifest when ministers or sheikhs participate in board activities, as their social ranking and access to resources would differ from those of less influential board members. The diverse range of roles at the board level, including chairpersons, senior independent directors, non-executive directors, and chief financial officers, may contribute to differing perspectives.

While certain elements of Harrison and Klein's definition are incorporated into the study, the overall definition is deemed too ambiguous for direct application to the diversity among board members. For instance, diversity of separation pertains to opinions and values, which may only be discerned through an extended engagement with participants, such as in field studies. The three categories do not explicitly encompass basic or readily observable attributes associated with diversity, such as ethnicity, gender or nationality, but rather focus on the consequences of diversity. For example, age differences could result in variations in opinions and values and these differences in opinions are simply an outcome of diversity. Although the definition is both influential and relevant within the field of diversity, it does not fully encapsulate the types of diversity that can be examined in the UAE for the reasons outlined above.

The extant literature on board diversity exhibits a considerable degree of variation in defining the concept. Table 2, presented below, serves to juxtapose the disparate definitions for board diversity found within the relevant scholarly corpus and underscores the characteristics of diversity encompassed within each definition.

Table 2: Definitions of board diversity in the literature

Author(s)	Characteristics	Definition
Carter, Simkins and Simpson (2003)	Gender and ethnicity	Board composition heterogeneity refers to the proportion of female, Asian, African American and Hispanic individuals represented.

Erhardt, Werbel and Shrader (2003)	Gender and ethnicity	Board diversity is characterised as the manifestation of distinct ethnic and gender identities within the composition of a board.
Harrison and Klein (2007)	Variety, separation and disparity	Diversity is composed of three distinct elements: separation (heterogeneity in viewpoints), variety (variations in classification and categorisation), and disparity (discrepancies in social influence and resource allocation).
Ararat, Aksu and Tansel (2010)	Gender, age, education and nationality	Diversity encompasses both discernible characteristics, such as gender and generational distinctions, and less conspicuous attributes, which can be inferred through proxies such as the educational and national backgrounds of directors, representing an array of values, beliefs, abilities and proficiencies.
Bear, Rahman and Post (2010)	Gender and variety (such as functional backgrounds)	The heterogeneity of board resources refers to the assortment of assets contributed by board members, while gender diversity is delineated by the gender constitution, particularly through the quantification of female director representation within boards.
Rhode and Packel (2012)	Race, gender and ethnicity	The incorporation of racial, ethnic and gender heterogeneity within the composition of corporate governing bodies.
Arnegger *et al.* (2014)	Functional background and international background	The study refers to occupational background and international background as board diversity.
Harjoto, Laksmana and Lee (2015)	Gender, race, age, outside directorship, tenure, power and expertise	Measured across seven distinct dimensions: gender composition, racial representation, age distribution, external directorship affiliations, length of service, influence, and domain-specific knowledge.
Torchia, Calebro and Morner (2015)	Background and personality	Member background and personality (deep-level diversity)
Rao and Tilt (2016a)	Independence, tenure, gender and multiple directorships	The author defines diversity on the board as independence, tenure, gender and multiple directorships.
Khan, Khan and	Gender, age, nationality,	The study defines board diversity as seven

Saeed (2019)	ethnicity, educational level, educational background, and tenure	different dimensions: age, gender, nationality, ethnicity, educational level, educational background and tenure.
Abu Qa'dan and Suwaidan (2019)	Size, board independence, CEO/chairman duality, age and gender	Board diversity is delineated through the parameters of board size, the presence of independent (non-executive) directors, the duality of CEO and chairman roles, the age distribution, and the gender composition within the governing body.
Olthuis and Oever (2020)	Ideology	Board diversity is defined as the ideological preferences of board members (their beliefs on the appropriate arrangement of the community and how to get there).
Fernández-Temprano and Tejerina-Gaite (2020)	Board Independence, Age, Nationality, Education and Gender	The study defines diversity as inside and outside board members, age diversity, nationality mix, educational diversity, and gender.
Jebran, Chen and Zhang (2020)	Gender, Age, Tenure and Education	Two primary categories: relation-oriented heterogeneity, encompassing gender and age dimensions, and task-oriented heterogeneity, comprising tenure and educational backgrounds.

Abbreviations: CEO = chief executive officer.

Table 2, presented above, offers a chronological compilation of board diversity definitions, categorised according to the encompassed characteristics. The table illustrates the evolving trends in the conceptualisation of diversity throughout the years. In most research, board diversity is often narrowly defined, with a focus primarily on gender (Nadeem *et al.*, 2020; Tingbani *et al.*, 2020; Cordeiro *et al.*, 2020) or a combination of gender and ethnicity (Carter *et al.*, 2003; Erhard *et al.*, 2003). More recently, the definitions of board diversity have become increasingly comprehensive (Khan *et al.*, 2019; Harjoto *et al.*, 2015, etc.) with a likelihood of further expansion.

In this study, board diversity is defined as the differences in gender, age, nationality, ethnicity, educational background, educational level, functional background and board

independence. This definition encompasses both surface-level and deep-level characteristics (elaborated further in Section 2.2.2), rendering it more robust than prior studies that solely examined surface-level attributes. The selected characteristics are not only substantial but are also widely investigated in various contexts, thereby enabling viable comparisons. The exclusion of CEO/chairman duality as a criterion is due to the fact that it is prohibited by UAE law to simultaneously hold both positions, rendering it inapplicable for investigation in this context.

2.2.2 Deep versus surface-level diversity

Much of the extant research on board diversity predominantly investigates the associations between surface-level diversity attributes and various performance indicators (Nadeem *et al.*, 2020; Tingbani *et al.*, 2020; Cordeiro *et al.*, 2020). These surface-level characteristics comprise easily observable traits, such as race and gender, which are typically associated with demographic features and physical attributes (Torchia *et al.*, 2015; Phillips *et al.*, 2006; Harrison *et al.*, 1998). An emerging body of research has shifted its focus towards exploring the less discernible aspects of diversity, referred to as 'deep-level' diversity. These attributes tend to possess a more psychological underpinning, encompassing traits, such as educational background, work experience, beliefs, economic background, social background, skills, personality and sexual orientation (Jehn *et al.*, 1997; Harrison *et al.*, 1998; Harrison *et al.*, 2002). This shift in focus presents an opportunity to examine the potential interconnections in the UAE between sociologically derived, visible attributes of diversity and psychologically derived, invisible attributes.

In contrast to surface-level diversity, which is readily discernible at a glance, deep-level diversity is typically ascertained through verbal and non-verbal cues and becomes apparent only through sustained and prolonged interactions (Torchia *et al.*, 2015; Phillips *et al.*, 2006; Harrison

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et al., 2002; Harrison *et al.*, 1998). Surface-level traits, such as an individual's gender, are usually observable. Discerning someone's educational background would necessitate more in-depth, personalised conversations. In board diversity, deep-level diversity pertains to background and personality differences. Background diversity encompasses aspects, such as work experience, expertise and education, while personality diversity includes factors, such as adaptability, tolerance and listening skills (Torchia *et al.*, 2015; Phillips *et al.*, 2006; Harrison *et al.*, 2002; Harrison *et al.*, 1998). For example, an individual's strengths and weaknesses may vary depending on the context and the board dynamics. The manifestation of these types of diversity is typically observable only to board members who have collaborated for an extended period, as deep-level diversity is not as effortlessly perceptible (Phillips *et al.*, 2006; Harrison *et al.*, 2002; Harrison *et al.*, 1998).

2.2.3 Heterogeneity

Many arguments support the promotion of diversity at board level. One primary contention supporting board diversity is the endorsement of heterogeneity in team processes. Researchers have asserted that heterogeneity enables groups to engage in substantive discussions and generate diverse alternatives, as the presence of group diversity fosters a broader range of perspectives (Watson *et al.*, 1998; Ely and Thomas, 2001; Davis, 2012). However, a principal challenge associated with heterogeneity is the emergence of in-group and out-group biases, which transpire when majority (in-group) members exclude minority (out-group) members from group activities and devalue their opinions (Williams and O'Reilly, 1998; Watson *et al.*, 1998; Gibbons and Olk, 2003; Brewer, 2007). Additional concerns encompass disagreements among individuals with divergent viewpoints and delays in decision-making and execution processes.

Despite the aforementioned issues related to heterogeneity, researchers have observed that heterogeneous groups ultimately yield higher-quality problem-solving processes (Garcia Martinez *et al.*, 2017; Davis, 2012; Ely and Thomas, 2001; Watson *et al.*, 1998). The effectiveness of the board as a whole and how they come together should contribute more than just the individuals added together.

2.2.3.1 Intrapersonal and interpersonal cultural heterogeneity

Organisational culture can be defined as a system of meanings and norms shared by the organisation's members (Corritore *et al.*, 2020; Warrick, 2015; Chatman and O'Reilly, 2016; Warrick, 2017). Every organisation develops a culture, whether deliberately or naturally, but it has norms shared or followed by its team (or board in this context). It is notable that an organisation's culture is significant since it affects an individual's motivation and commitment, a group's creativity and innovation, and interpersonal coordination. Organisation culture influences the success of its members and that of the organisation (Corritore *et al.*, 2020; Chatman and O'Reilly, 2016; Wattick, 2017). Researchers have studied how shared beliefs and norms on cross-functional collaboration relate to an organisation's performance. Some studies have positively identified a cultural diversity of ideas and beliefs with success in organisations (Hallett and Ventresca, 2006; Van Knippenberg and Schippers, 2007; Page, 2008; Stark, 2011).

Interpersonal and intrapersonal heterogeneity are related to different organisational outcomes. Interpersonal heterogeneity is more associated with a firm's coordination and execution capabilities. It reflects on the organisation's performance with profitability as an indicator. Intrapersonal heterogeneity is associated with the firm's capacity for creative exploration, which enables the organisation to plan for market expectations regarding future growth (Corritore *et al.*, 2020). Cultural heterogeneity can be bifurcated into intrapersonal and

interpersonal dimensions. This distinction suggests that organisations are not compelled to make an either-or choice between coordination and innovation. For example, an organisation characterised by high intrapersonal heterogeneity and low interpersonal heterogeneity can foster coordination without stifling innovation and creative problem-solving (Corritore *et al.*, 2020).

Some studies have argued that heterogeneity can impede the performance of an organisation since the need for cultural agreement among members is necessary (Denison and Mishra, 1995; Weber and Camerer, 2003; Kotter, 2008). If there are incompatibilities in beliefs and normative expectations among employees, their ability to coordinate tasks is impeded, making cultural diversity an obstacle to the firm's performance (Corritore *et al.*, 2020). However, accessing a broad array of cultural resources for members results in improved creativity and innovation in the organisation (Stark, 2011).

Most of the studies have conclusively established that firms that are diverse culturally have a better ability for creative problem-solving (Hallett and Ventresca, 2006; Van Knippenberg and Schippers, 2007; Page, 2008; Stark, 2011). Other studies have connected negative implications for an organisation's performance with demographic diversity. In those arguments, demographic diversity can facilitate conflict and inefficiencies in coordination (Jehn, Northcraft and Neale, 1999; Pelled *et al.*, 1999). Examining the findings from these various studies, it can be reasonably concluded that organisations exhibiting cultural diversity demonstrate superior creative problem-solving abilities. However, this advantage may necessitate a trade-off with diminished efficiency and coordination (Corritore *et al.*, 2020).

The belief that cultural diversity—which stems mostly from individuals' cultural differences—presents a trade-off between task coordination and innovative problem solution is widespread. Conversely, diversity may manifest internally within individuals who concurrently

embrace an array of cultural beliefs pertaining to the organisation. These forms are referred to as interpersonal and intrapersonal cultural heterogeneity (Corritore *et al.*, 2020). The former is counterproductive since it reduces teamwork and signals declining profits, while the latter fosters innovation, which boosts productivity and the value of a company. Organisations ought to reconsider strategies for capitalising on the advantages offered by cultural heterogeneity. This may involve striking a balance between the benefits derived from high intrapersonal heterogeneity and the efficiency gains associated with lower interpersonal heterogeneity (Corritore *et al.*, 2020).

2.2.4 Diversity beliefs

An additional perspective concerning board diversity is the concept of diversity beliefs. Diversity beliefs are expressed as the beliefs at an individual level regarding the significance of diversity in group and job functioning (Van Knippenberg and Haslam, 2003; Homan *et al.*, 2007; Van dick *et al.*, 2008). Dissimilarities in the belief system of individuals regarding diversity allow them to react either positively or negatively in diverse work group situations, which has positive or negative effects on group functioning and development (Van Knippenberg *et al.,* 2004; Homan *et al.*, 2007; Van dick *et al.*, 2008).

2.2.4.1 Worldview diversity

Diversity has recently regained prominence as a salient subject in various facets of society. In many instances, discernible personal attributes serve as the foundation for identifying and addressing individuals. These discernible attributes can be characterised as explicit diversity (surface-level diversity), which is manifested in instances of racial, ethnic and gender disparities, and other observable characteristics, such as age (Harrison *et al.*, 1998; Erhardt *et al.*, 2003; Phillips *et al.*, 2006; Kang *et al.*, 2007; Burch, 2010). For instance, racial profiling for black

individuals is advanced regardless of their gender, sexuality, age or class. Similarly, gender makes women a more targeted group in workforce sexual harassment. However, people of colour or women are not monolithic groups and experiences may differ among individuals (Burch, 2010). Non-observable characteristics known as implicit or invisible diversity also exist. These generally include diversity characteristics that cannot be observed, such as religion, learning disabilities, sexual orientation, educational background, work background and many more (Harrison *et al.*, 1998; Erhardt *et al.*, 2003; Phillips *et al.*, 2006; Kang *et al.*, 2007; Burch, 2011; Calabrò *et al.*, 2015).

One of the most widely endorsed approaches to mitigating diversity disparities involves diversifying various societal domains, including political, academic and corporate sectors (Dallas, 2001). In the context of corporate boards, research has suggested that diversity is crucial for enhanced governance and decision-making, which ultimately contributes to organisational profitability (Carter *et al.*, 2003; Erhardt *et al.*, 2003; Lückerath-Rovers, 2013; Sarhan *et al.*, 2019). Fostering diversity within corporate boards is essential for addressing concerns related to fairness and equity within the corporation (Fairfax, 2010; Burch, 2010).

Burch (2010) has posited that corporate boards exhibiting heightened worldview diversity are more inclined to benefit from improved governance and engage in a more equitable, unbiased decision-making process. To achieve greater worldview diversity, the article proposes adoption of greater diversity in gender and race. Empirical evidence obtained from the research on corporate boards with respect to the effects of gender and racial composition on corporate profitability, decision-making and monitoring has suggested a positive correlation between gender and racial diversity with corporate profitability (Carter *et al.*, 2003; Erhardt *et al.*, 2003; Lückerath-Rovers, 2013; Sarhan *et al.*, 2019).

Cultural cognition (Burch, 2008), critical race theory (Dallas, 2001; Fairfax; 2005) and corporate social responsibility theories (Burch, 2010) and strategies are advanced as some of the methods through which organisations can overcome roadblocks to increase a board's worldview diversity. These theories and approaches hold considerable potential to impact the business decision-making process within any organisation, as they shape the thought patterns of all board members. The consensus is that worldview diversity fosters more legitimate business decision-making (Burch, 2010). Greater legitimacy is observed in the decision-making process when executed by individuals possessing a global perspective or corporate boards that are inclusive in terms of gender and race. Organisations can attain heightened worldview diversity in their boards, and board members are urged to embrace business norms and behavioural standards that accommodate such diversity (Burch, 2010). In the United States (US), no laws exist to enforce worldview diversity with respect to gender and race. In other countries, the laws may not be stringent, making achievement of worldview diversity a challenge. For instance, the UAE has placed an informal quota on the number of female directors on a board (UAE Gender Balance Council, 2019).

Diversity within corporate boards has rekindled interest in the realm of CG, inciting a surge of research and inquiries on the topic. The majority of findings pertaining to this subject have deduced a positive correlation between boardroom diversity and firm performance, which accounts for the heightened attention to this matter (Carter *et al.*, 2003; Erhardt *et al.*, 2003; Lückerath-Rovers, 2013; Sarhan *et al.*, 2019). Burch (2010) has argued that greater worldview diversity in a corporate board influences the decision-making process through a variety of views and approaches. While this research produced significant results that indicated worldview diversity was effective in achieving positive impacts on fairness, equity and economic

considerations, there are limitations in relation to methodology and the generalisation of results (Burch, 2010).

The existing research lacks a quantitative or a qualitative methodology, which could have been the best method of proving the findings and creating a conclusive statement regarding the impacts of worldview diversity on corporate boards. The lack of a quantitative or a qualitative analysis for such research has reduced the credibility of the research findings. The lack of a sample size means that findings cannot be replicated for a larger population, as there is nothing to base the findings on. It is difficult to generalise the results without a sample size. Burch has only covered two aspects of diversity and would have benefited from taking a deeper view (Burch, 2010).

2.2.5 Advantages and disadvantages of board diversity

While most of the literature emphasises the advantages of board diversity, it is essential to explore diverse perspectives. Table 3 offers a comprehensive tabular analysis of the benefits and drawbacks associated with board diversity, as identified in the existing literature.

Table 3: Advantages and disadvantages of board diversity

Advantages	Disadvantages
Heterogeneity stemming from board diversity results in better problem-solving and is less likely to disadvantage groupthink. Reduced occurrence in groupthink means the board is less likely to make poor decisions in an attempt at maintaining harmony (Janis, 1972; Watson *et al.*, 1998).	Heterogeneity generates an in-group (majority) and out-group (minority) bias. The in-group majority withholds information or excludes the out-group minority from certain aspects of decision-making (Williams and O'Reilly, 1998; Watson *et al.*, 1998; Gibbons and Olk, 2003; Brewer, 2007).
As per Pfeffer's (1972) RDT, a diverse group of board of directors enables a corporation to have greater access to needed resources. For example, a director with a political network may aid the corporation with any governmental issues	A 2019 report published by Deloitte explored how corporations were responding to the demand for diversity. Corporations have increased the number of women and minorities on their boards. However, women and minorities have a high recycle rate, meaning the same few

they might face. Another example includes research from Dienes and Velte (2016), which found that women on the board possess considerable ESG networks.	women and minority members are found on several boards. Although there is more diversity on boards, the absolute number of female and minority board members was low.
Based on signalling theory, a diverse board sends signals directly or indirectly to consumers that the corporation pays attention to women and cares about diversity. It positively impacts diverse employee spirit, as they can see an upward movement within the firm and that the corporation has a place for diverse members in upper management (Bear *et al.*, 2010; Ferreira 2010; Broome *et al.*, 2008).	A problem might arise when seeking occupational background diversity or directors with connections. This may result in conflicts of interest between the corporation and the personal interests of these directors. A director serving on multiple boards or being a major shareholder in a business may put other interests above that of the corporation he or she is serving (Ferreira, 2010). This argument is weak as it would require a combination of several factors to occur for this to take place and it is not directly related to diversity.
A diverse board aids the corporation's public relations. Social pressure, especially towards the larger corporations, for diversity and inclusion may cause them to benefit from having a diverse board. Allows them to gain the public perception of legitimacy (Ferreira, 2010).	When studying heterogeneity, Watson *et al.* (1998) found more diverse boards took longer problem-solving. This could be an issue with boards that do not meet often and do not have long meetings. Watson *et al.* (1998) found that although they take longer in problem-solving, they solved the problems better than groups with less diversity.

Abbreviations: RDT = resource dependency theory

Table 3 presented above underscores the benefits and detriments of a diverse board. The table encompasses five principal domains: heterogeneity, access to networks, signalling, legitimacy, and decision-making. Despite certain drawbacks related to board diversity, the advantages surpass them. For example, the extended time required for problem-solving is a disadvantage; nevertheless, the resulting problem resolution is more effective with a diverse group.

2.3 Environmental, social and governance practice

In recent years, there has been a growing consciousness of environmental and social concerns. The subject of ESG has gained significance for investors, as evidenced by the escalating frequency of ESG references during earnings calls of major corporations (Scatigna *et al.*, 2021).

The ESG paradigm constitutes a comprehensive schema encompassing three dimensions: environmental (E), social (S), and governance (G) (see Table 4). The notion of ESG is rooted in responsible investing. The principles for responsible investment (PRI) (2021) delineate an approach and methodology that integrates ESG considerations into investment decision-making processes and promotes proactive stewardship.

Table 4: Environmental, social and governance thematic areas and key aspects

ESG factor	Thematic areas	Key aspects
Environment	Climate change and carbon emissions	Paris Agreement, carbon trading and emissions taxation, carbon risk, climate change vulnerability
	Resource management and pollution	Pollution reduction initiatives, synergistic effects of resource bundles, proactive environmental stances
	Waste management and recycling	Waste production, product longevity, land utilisation, circular economy, SDGs, WFD
	Biodiversity and habitat conservation	UN Global Compact, International Finance Corporation Performance Standard 6, NNL, NPI, TEEB
Social	Human rights and labour practices	GPs, supply chain responsibility, labour-friendly practices
	Diversity, equity, and inclusion	Board diversity, refugee workforce integration, migrant super-diversity, industry-specific diversity, intra-country variations, gender diversity, neurodiversity
	Health and safety	OHS, policy and practice, legislation, systematic management, safety culture and climate, localised factors
	Community engagement and development	Social capital, sustainable development, corporate citizenship, eco-friendly technology, environmental impact reduction, employment opportunities
Governance	Corporate governance	Accountability, rights and responsibilities, stakeholder relationships
	Board diversity and independence	Task-related factors, non-task-related factors, structural diversity
	Compensation and accountability	Performance-based rewards, agency theory, principal agent design
	Transparency and disclosure	Financial reporting, non-financial disclosures, corporate financial reporting

Abbreviations: GPs = UN's Guiding Principles on Business and Human Rights; NNL = no net loss; NPI = net positive impact; OHS = occupational health and safety; SDGs = Sustainable

Development Goals; TEEB = Economics of Ecosystems and Biodiversity; UN = United Nations; WFD = Waste Framework Directive.

Given the absence of a universally accepted definition of ESG, this paper employs thematic areas and key aspects for each ESG factor, which are derived from the analysis of existing research (as illustrated in Table 4 above) to provide a comprehensive understanding of each ESG element. To effectively address ESG issues, it is essential to establish clear definitions for each element of the ESG framework.

2.3.1 Environmental factors

S&P Global (2019) characterises the environmental component of ESG as an evaluation of a company's stewardship of the natural environment, taking into account its utilisation of natural resources and the consequences of its operations for the ecosystem. This encompasses both the direct impact on the firm and those resulting from its supply chain. Robeco (2021) views the environmental aspect of ESG as the support dedicated to global warming efforts, energy consumption and waste management, emphasising the significance of carbon reduction and curbing emissions throughout business supply chains in response to intensified efforts to mitigate climate change. Eklund (2021) posits that the COVID-19 pandemic underscores the interdependence between firms and the environment, necessitating their collaborative attention to environmental concerns for their continued existence. Table 5 presents the thematic areas and key facets of the environmental dimension of ESG, as outlined by existing research.

Table 5: Thematic areas and key aspects of the environmental element

Thematic Area	Key Aspects	Citations
Climate change and carbon emissions	Carbon risk and its impact on firm value and performance	Trinks *et al.*, 2022; Xue, Zhang and Li, 2020; Oestreich and Tsiakas, 2015
	Carbon emissions classification (direct and indirect)	La Notte, Tonin and Lucaroni, 2018; Nuber and Velte, 2021
	Relationship between carbon risk and default probability	Capasso, Gianfrate and Spinelli, 2020; Kabir *et al.*, 2021; Wang, Wu

		and Zhang, 2022
Resource management and pollution	Competitive advantage through pollution abatement strategies	King and Lenox, 2002; Russo and Fouts, 1997
	Synergistic effects of resource bundles	Grant, 1996; Di Noi *et al.*, 2020; Sadhukhan *et al.*, 2017
	Antecedents of firms' environmental expertise	Chatterji and Toffel, 2010; Walls, Phan and Berrone, 2011
Waste management and recycling	Circular economy concept	McCarthy *et al.*, 2018; Zorpas, 2020; Van Fan *et al.*, 2020
	UN's SDGs	UN, 2015
	European Green Deal	European Commission, 2019
	Waste prevention, reduction, recycling, and reuse strategies	Zorpas, 2020; Van Fan *et al.*, 2020; Gu *et al.*, 2019; Grosso *et al.*, 2010
Biodiversity and habitat conservation	Corporate NNL or NPI objectives	BBOP, 2012; Rainey *et al.*, 2015
	TEEB initiative	TEEB, 2010; Stern, 2006
	Industry-specific disparities in biodiversity management goals	Laurance *et al.*, 2010; Rainey *et al.*, 2015; Haque and Jones, 2020
	Importance of effective implementation and enforcement of NNL and NPI goals	Gardner *et al.*, 2013; Bull *et al.*, 2013; Walker *et al.*, 2007; Warhurst, 2001

Abbreviations: BBOP = Business and Biodiversity Offset Programme; NNL = no net loss; NPI = net positive impact; SDGs = Sustainable Development Goals; TEEB = Economics of Ecosystems and Biodiversity; UN = United Nations.

Recent research has examined the connections between carbon emissions and board diversity by gender (Nuber and Velte, 2021) and CG (Kılıç and Kuzey, 2019). These investigations have addressed governance issues related to carbon footprint (Saeed *et al.*, 2021) and sustainable development (Boeva *et al.*, 2017). Other studies have scrutinised the link between board diversity and a firm's engagement with sustainability initiatives (Ben-Amar *et al.*, 2017), environmental transgressions (Liu, 2018), biodiversity disclosures (Haque and Jones, 2020), greenhouse gas disclosure (Liao *et al*., 2015) and environmental investment (Hu and Yang, 2021; Bhuiyan *et al.*, 2021). Researchers have explored innovative approaches to environmental support, such as procuring sustainable raw materials (Di Noi *et al.*, 2020; Sadhukhan *et al.*,

2017), fostering clean energy development (Kolk, 2015), managing waste (Gu *et al.*, 2019) and using crowdfunding for environmental investments (Yılmaz and Yaşar, 2021).

2.3.1.1 Climate change and carbon emissions

The significance of corporations' carbon performance has escalated considerably in recent years, owing to concerns regarding climate change caused by human-induced carbon dioxide emissions. In 2015, representatives from over 190 countries committed to the Paris Agreement, with the laudable objective of restraining climate change (Dembinski, Love and Thoren, 2023). Many jurisdictions have adopted measures, such as carbon trading and emissions taxation (Sethi, 2022) to effectively mitigate emission levels. A plethora of studies have examined the implications of carbon risk for firms' valuation and performance (e.g., Trinks *et al.*, 2022; Xue, Zhang and Li, 2020; Oestreich and Tsiakas, 2015).

Carbon risk encompasses the consequences of transitioning to a low-carbon economy on firm value due to extensive changes in policy, legal frameworks, technology, market dynamics and reputation (Wang, Wu and Zhang, 2022). In practical terms, carbon emissions serve as a crucial indicator for firms engaged in carbon-intensive production processes. These emissions are classified as direct and indirect emissions, based on firms' operational activities and economic pursuits (La Notte, Tonin and Lucaroni, 2018). Studies in the field have revealed a potential connection between carbon risk and firm risk exposure, which further indicates that carbon risk influences firms' cost of capital (e.g., Wang, Wu and Zhang, 2022). Carbon risk also affects firms' performances and values and firms' behaviour (Busch and Lewandowski, 2018).

Empirical work investigating the impact of firms' carbon risk on risk-related metrics in the equity market is scarce. Several studies have corroborated a positive correlation between carbon risk and default probability (Capasso, Gianfrate and Spinelli, 2020; Kabir *et al.*, 2021).

Firms with higher carbon risks are more likely to face significant regulatory pressure, endure reputational risk, and confront increased funding costs, which in turn exacerbate firms' default probabilities (Wang, Wu and Zhang, 2022).

2.3.1.2 Resource management and pollution

Prior literature on corporate resource management and pollution has predominantly examined the subject from a competitive advantage perspective. Scholars have discovered that organisational capabilities are pivotal in ascertaining the degree to which firms can capitalise on pollution abatement strategies (King and Lenox, 2002; Russo and Fouts, 1997). Researchers have found that companies possessing remarkable innovation capabilities, particularly in the realm of continuous improvement, are better equipped to derive benefits from pollution reduction initiatives (King and Lenox, 2002). Such strategies necessitate the development of novel competencies, which prove to be especially advantageous during times of industry expansion (Russo and Fouts, 1997).

Researchers have posited that competitive advantage stems from the synergistic effects of resource bundles, wherein the appropriate organisational configuration is vital for success (Grant, 1996). In relation to pollution prevention, a dedication to environmental objectives, amalgamated with innovation capabilities and adeptness in project implementation, can yield profits (Christmann, 2000). Researchers have also contended that these components function as complementary assets (Hart and Dowell, 2011; Teece, 1986).

Increased accessibility to data has facilitated researchers in further scrutinising the relationship between pollution prevention capabilities, environmental performance, and financial performance (Hart and Dowell, 2011). A growing body of research in the area has revealed the antecedents of firms' environmental expertise. The findings suggest that stakeholder pressures

typically serve as the driving force, albeit perceived differently based on each organisation's eco-efficiency level (e.g., Chatterji and Toffel, 2010; Delmas and Toffel, 2004; Walls, Phan and Berrone, 2011). Researchers have further claimed that examining these causal factors is essential for understanding why certain firms adopt more proactive environmental stances compared to others (Hart and Dowell, 2011).

2.3.1.3 Waste management and recycling

Researchers have asserted that addressing waste management is imperative due to its considerable environmental, social and economic ramifications (Chang and Pires, 2015; Van Fan *et al.*, 2020). Zorpas (2020) has attributed the escalation of waste production worldwide to factors, such as limited product longevity, extensive land utilisation for cultivating unconsumed food, inadequate awareness and promotional activities, urbanisation, and economic development. In response to these challenges, an array of strategies and policies have been devised over time (Van Fan *et al.*, 2020).

Many strategies have surfaced to tackle waste management concerns. The circular economy concept has gained prominence, emphasising the shift from a linear to a circular model (McCarthey *et al.*, 2018). The Sustainable Development Goals (SDGs) of the UN, particularly Goal 12, concentrate on responsible consumption and production (UN, 2015). The European Green Deal aspires to attain climate neutrality by 2050 and to actualise the UN SDGs by 2030 (European Commission, 2019). These strategies and policies underscore the importance of waste prevention, reduction, recycling, reuse and advocating sustainable practices across diverse sectors (Zorpas, 2020). The overarching objective is to alleviate the adverse effects of waste on the environment and society while promoting economic growth and development. The transformation from waste to product is a vital component of the circular economy strategy (Van

Fan *et al.*, 2020). On the other hand, the Waste Framework Directive (WFD) delineates criteria and protocols for reclassifying waste as a product, guaranteeing its safety, environmental compatibility and market viability (Grosso *et al.*, 2010).

2.3.1.4 Biodiversity and habitat conservation

An expanding body of scholarly research has highlighted the importance of effectively managing corporate biodiversity impacts when addressing environmental issues (Economics of Ecosystems and Biodiversity (TEEB), 2010). The emergence of specific and quantifiable corporate environmental goals is attributed to the influence of financial incentives and regulatory frameworks, such as the UN Global Compact (2012) and the International Finance Corporation (IFC) Performance Standard 6 (IFC, 2012). While corporate no net loss (NNL) or net positive impact (NPI) objectives concerning biodiversity have garnered increased attention (Business and Biodiversity Offset Programme, 2012), their implementation remains inconsistent, and numerous companies have yet to fully exploit their potential for biodiversity conservation (Rainey *et al.*, 2015).

In response to the pressing issue of biodiversity loss, the TEEB initiative was established, employing economic rationale as a driving force for conservation (Stern *et al.*, 2006). The frequently overlooked significance of nature's contributions to the decision-making process and the insufficiency of current economic measures are accentuated in TEEB (2010). Through the creation of a collection of reports tailored to various decision-makers, TEEB seeks to incorporate ecosystem and biodiversity valuation into mainstream decision-making practices (TEEB, 2010).

The adoption of goals aimed at managing corporate biodiversity exhibits industry-specific disparities. For instance, the mining sector has demonstrated greater proactivity in establishing NNL and NPI objectives (Rainey *et al.*, 2015), whereas industries such as

agriculture and logging have predominantly concentrated on certification programmes (Laurance *et al.*, 2010). Although environmental regulations in developed nations are progressively integrating NNL and NPI concepts, the desired outcomes have not yet materialised (Mckenney and Kiesecker, 2010). In countries that are not part of the Organisation for Economic Cooperation and Development, given the underdeveloped regulatory landscape, the adoption of voluntary best practices is likely to be indispensable for managing corporate biodiversity impacts (Hill and Arnold, 2012).

Researchers have argued that enhancing financial performance and supporting biodiversity necessitates the effective definition and implementation of NNL and NPI goals by companies (Gardner *et al.*, 2013; Rainey *et al.*, 2015). The scientific and conservation communities can assume a crucial role by collaborating with companies to ensure efficacious implementation, while dedicated regulators are vital for enforcing these objectives (Bull *et al.*, 2013). Although achieving NNL and NPI may ultimately prove unattainable (Walker *et al.*, 2007), the establishment of well-defined goals can facilitate a paradigm shift in the business world (Rainey *et al.*, 2015), transitioning from a focus on reducing harm to promoting a positive impact on biodiversity (Warhurst, 2001).

2.3.2 Social factors

Robeco (2021) has delineated the social dimension of ESG as predominantly employment-centric, incorporating labour standards and employment-related health and safety, while simultaneously considering external social factors, such as community involvement and human rights. Neilan *et al.* (2020) have posited that the social component is among the most critical elements of ESG, since it significantly influences a business's value. The COVID-19 pandemic intensified the challenges associated with the social aspect of ESG, affecting a company's

reputation by spotlighting its interactions with stakeholders and urging firms to enhance their social performance within the ESG framework. Table 6 presents the thematic areas and key aspects pertaining to the social element of ESG.

Table 6: Thematic areas and key aspects of the social elements

Thematic Area	Key Aspects	Citations
Human rights and labour practices	UN GPs	UNHRC, 2014; Ruggie, 2011; Ruggie, 2006
	Supply chain responsibility	Addo, 2014; Chowdhury, 2017; Olsen *et al.*, 2022
	Labour-friendly practices	Faleye and Trahan, 2011; Linz *et al.*, 2015
Diversity, equity and inclusion	Board diversity	Yaseen *et al.*, 2019; Harjoto *et al.*, 2015; Post *et al.*, 2011
	Refugee workforce integration	Lee *et al.*, 2021; Szkudlarek *et al.*, 2022
	Migrant super-diversity	Kothari *et al.*, 2022; Yamamura and Lassalle, 2020
	Industry-specific diversity	Sasikala and Sankaranarayanan, 2022; Slama *et al.*, 2021
	Intra-country variations	Perkins, 2022; Tung, 2008
	Gender diversity	Ahmad *et al.*, 2018; Bear *et al.*, 2010; Harjoto *et al.*, 2015
	Neurodiversity	Oritz, 2020; Ott *et al.*, 2022
Health and safety	Occupational health and safety	Reese, 2018; Erickson, 1996
	Policy and practice	Quinlan *et al.*, 2010
	Workplace surveys	Dawson and Zanko, 2011; Nichols *et al.*, 2007
	Systematic occupational health and safety management	Bluff, 2003; Saksvik and Quinlan, 2003; Vinodkumar and Bhasi, 2011
	Safety culture and climate	Bjerkan, 2010; Mearns and Yule, 2009
Community engagement and development	Social capital	Amiraslani *et al.*, 2022
	Sustainable development	Lokuwaduge and Heenetigala, 2017
	Eco-friendly technology	Nguyen *et al.*, 2022
	Impact reduction	Alsayegh *et al.*, 2020
	Employment opportunities	Amadi and Abdullah, 2012

Abbreviations: GPs = UN Guiding Principles on Business and Human Rights; UN = United Nations; UNHRC = UN Human Rights Council.

Research examining the social aspects of ESG has scrutinised the implications of labour management for corporate responsibility (Parsa *et al.*, 2018) and strategic decision-making (Brewster, 2017). Complementary studies have investigated the influence of board composition on employee satisfaction (Creek *et al*., 2019), sustainability disclosures (Michelon and Parbonetti, 2012) and the development of human and social capital (Ooi *et al*., 2017). A considerable body of work has concentrated on CG and responsible investment (Widyawati, 2020; Witney 2021). A wealth of literature has also delved into issues related to diversity and gender (Hu and Yang, 2021; Haque and Jones, 2020; Burke *et al*., 2019; Ben-Amar *et al*., 2017; Mattingly and Berman, 2006).

2.3.2.1 Human rights and labour practices

The UN Guiding Principles on Business and Human Rights (GPs) represent a pivotal development in addressing the responsibilities of corporations pertaining to social, environmental and human rights impacts (UN Human Rights Council (UNHRC), 2014; Ruggie, 2011). Nevertheless, the voluntary nature of the GPs gives rise to concerns about their efficacy (Wang *et al.*, 2022). The GPs mandate that businesses must assess and address human rights implications, provide remediation and exert leverage over entities implicated in these impacts (Ruggie, 2006). Contentious debates continue with respect to the practical application of the GPs and the exercise of leverage across various sectors (Addo, 2014).

Enforcement of supply chain responsibility remains an arduous task, as evidenced by the Rana Plaza disaster, which exemplifies the persistence of grave human rights abuses (Chowdhury, 2017). Although there have been advancements in ethical supply chain codes, human rights violations continue unabated, leading to demands for more stringent international human rights law interventions (Olsen *et al.*, 2022). In response to these concerns, in 2014, the

UN HRC adopted resolutions endorsing the GPs (2014a) and instituted a working group tasked with developing a legally binding instrument concerning human rights and transnational corporations (2014b).

The extant literature delineates labour-friendly practices as those that allocate considerable resources towards the enhancement of employee welfare and the facilitation of work-life balance (Faleye and Trahan, 2011). Research has indicated that the implementation of labour-friendly practices can engender workforce loyalty (Linz *et al.*, 2015), mitigate absenteeism (Gellatly, 1995), decrease turnover (Sommers, 1995), bolster productivity (Faleye and Trahan, 2011) and lead to heightened profitability (Fisman *et al.*, 2005) and market valuation (Faleye and Trahan, 2011).

2.3.2.2 Diversity, equity and inclusion

The growing demand to address diversity, equity and inclusion (DEI) within corporations has prompted extensive academic inquiry. Scholars have proposed that DEI policies exert significant influence on organisations across multiple levels, spanning from the global to the individual dimensions, with potential implications for firm-level outcomes (Kobrin, 2020). However, it is imperative to recognise that DEI should not be construed as a universal solution. It should be regarded, instead, as a means to achieve diverse objectives (Apfelbaum *et al.*, 2016).

A critical aspect of DEI research entails understanding the intricate interplay between distance and diversity in multinational organisations and delving into the interaction between internationalisation and diversity issues in these settings (Rašković, 2021). The existing body of DEI literature encompasses a wide array of themes, including board diversity (Yaseen *et al.*, 2019; Harjoto *et al.*, 2015; Post *et al.*, 2011), refugee workforce integration (Lee *et al.*, 2021; Szkudlarek *et al.*, 2022), migrant super-diversity (Kothari *et al.*, 2022; Yamamura and Lassalle,

2020), industry-specific diversity (Sasikala and Sankaranarayanan, 2022; Slama *et al.*, 2021), intra-country variations (Perkins 2022; Tung, 2008), gender diversity (Ahmad *et al.*, 2018; Bear *et al.*, 2010; Harjoto *et al.*, 2015) and neurodiversity (Oritz, 2020; Ott *et al.*, 2022).

2.3.2.3 Health and safety

The focus of occupational health and safety (OHS) goes beyond physical well-being, extending to social and mental aspects. Its primary objective is to promote safe work environments for employees (Reese, 2018; Erickson, 1996). Historically, OHS research has focused on aspects, such as policy, practice, individual characteristics, social relationships, injuries, accidents, and industrial relations (Quinlan *et al.,* 2010). Early investigations by psychologists and sociologists explored individual predispositions and social factors, which were subsequently enriched by workplace surveys conducted by industrial relations specialists. These surveys have emphasised the significance of legislation and innovative approaches (Dawson and Zanko, 2011; Nichols *et al.*, 2007). As OHS expertise evolved, the emphasis shifted towards pragmatic solutions for real-world challenges, culminating in a literature rich in tools, techniques and practices (Reese, 2018; Lewis and Thornbory, 2010).

The literature has experienced a surge in research concerning the global trend of adopting systematic OHS management (Bluff, 2003; Saksvik and Quinlan, 2003; Vinodkumar and Bhasi, 2011). The primary objective of systematic OHS management is the early identification of injury and illness sources within the production process, which enables the implementation of preventive measures (Frick and Wren, 2000). This approach encompasses effective risk management (Bluff, 2003) and consists of key elements, such as management commitment, OHS policy, planning and resourcing, allocation of responsibility, risk management, worker participation and OHS competency development (Bluff, 2003).

Recent research examining workplace safety culture and climate has underscored the crucial role of context and workgroups in shaping safety performance. While safety culture, which includes visible artefacts and underlying values, is frequently conflated with safety climate, the latter specifically addresses localised employee attitudes and perceptions. Bjerkan (2010) has advocated for additional research on workplace attributes and management practices that impact on safety culture and climate as determinants of occupational accidents. Mearns and Yule (2009) have discovered that localised factors, such as the effectiveness of safety measures and management commitment, exert a more significant influence on workforce behaviour and accident rates than national culture.

2.3.2.4 Community engagement and development

Community development and engagement are important in ESG, as they encompass the direct and indirect advantages that communities derive from corporations' social commitments (Huang *et al.*, 2022). The UN (1971) has emphasised creativity and self-reliance within communities in addressing their challenges, while acknowledging the supportive role of businesses. As Azapagic and Perdan (2000) have noted, social indicators reveal the extent of a company's responsibility towards the communities in which it operates.

Scholars have contended that ESG's influence on community development can be observed through many avenues. First, research has suggested that ESG fosters robust relationships between corporations and communities, enhancing social capital and cultivating peace and harmony, which are essential elements for community development (Amiraslani *et al.*, 2022). ESG initiatives contribute to mitigating the adverse effects of industrialisation through the adoption of ethical business practices and prioritising environmental improvements (Nittlarp and Kiattisin, 2022). By encouraging interdependence between corporations and communities, ESG

advances sustainable development by endorsing responsible corporate citizenship and adherence to sustainable development principles (Lokuwaduge and Heenetigala, 2017).

Within the realm of eco-friendly technology, ESG acts as a conduit for bringing innovations from multinational corporations to local communities in host nations. This transfer leads to improvements across product development and marketing endeavours while increasing overall welfare (Nguyen *et al.*, 2022). ESG factors serve an important role by promoting practices that reduce environmental impacts made by corporate entities. Such efforts benefit community members through improved access to essential resources, such as clean air and water (Alsayegh *et al.*, 2020). These ESG initiatives offer employment opportunities, which can help individuals lift themselves out of poverty, elevate their socioeconomic status and reduce unemployment rates within affected regions (Amadi and Abdullah, 2012).

2.3.3 Governance factors

S&P Global (2020) delineates governance as governance judgements pertinent to decision-making processes. The measurement of governance can be achieved through the scrutiny of the board of directors' composition and functions, the evaluation of performance and the protection of investor rights. Robeco (2021) has characterised the governance component of ESG as the policies and processes that define the rights, responsibilities and perspectives of various stakeholder groups. Well-defined and distinct governance processes facilitate the efficacious alignment of stakeholder concerns with the organisation's objectives. Table 7 presents the thematic areas and key aspects of the governance element of ESG.

Table 7: Thematic areas and key aspects of the governance elements

Thematic Area	Key Aspects	Citations
Corporate Governance	Accountability	Berle and Means, 1932; Jensen and Meckling, 1976; Brennan and Solomon, 2008; Claessens, 2006
	Rights and responsibilities	Gompers, Ishii and Metrick, 2003

	Stakeholder relationships	Berle and Means, 1932; Garvey and Swan, 1996; Shleifer and Vishny, 1997; Pitelis, 2004
Board Diversity and Independence	Task-related factors	Adams *et al.*, 2015; Arfken *et al.*, 2004; Van der Walt *et al.*, 2006
	Non-task-related factors	Adams *et al.*, 2015; Catalyst, 2015; Dhir, 2015; Kogut, Colomer and Belinky, 2014
	Structural diversity	Adams *et al.*, 2015
Executive Compensation and Accountability	Performance-based rewards	Bruce *et al.*, 2005; Fama and Jensen, 1983; Jensen, 1986; Hall, 2003
	Agency theory	Bruce *et al.*, 2005; Van den Berghe *et al.*, 2002; Kubo, 2005
	Alternative theories	Davis, 2005; Freeman, 1984; Aguilera *et al.*, 2008; Filatotchev and Allcock, 2010
Transparency and Disclosure	Financial reporting	Fung, 2014; Caplan and Dutta, 2016; Barth and Schipper, 2008; Barth and Landsman, 2010
	Non-financial disclosures	Fung, 2014
	Trust and transparency	Schnackenberg and Tomlinson, 2016; Fung, 2014
	Corporate governance standards	Drobetz *et al.*, 2004; Cadbury, 2000; Fung, 2014; Chen *et al.*, 2007; Raykovski, 2004

Recent research has delved into various aspects of the ramifications of board composition, such as carbon emissions (Nuber and Velte, 2021), environmental investment (Hu and Yang, 2021), biodiversity disclosures (Haque and Jones, 2020) and corporate social performance (Burke *et al.*, 2019). The domain of business ethics has been explored concerning corporate responsibility (Weller, 2020) and ethical consumption (Zollo *et al.*, 2018). Investigations have been conducted into the interplay between lobbying practices and CG (Cao *et al.*, 2018; Anastasiadis *et al.*, 2018), and the nexus between financial system instability and CG (Jahmane and Gaies, 2020; Tarchouna *et al.*, 2017).

2.3.3.1 Corporate governance

CG serves as a guiding force, steering the operations of organisations and corporations towards the attainment of their objectives. It allows these organisations to adeptly manage relationships among various stakeholders, such as board members and shareholders (Berle and Means, 1932; Jensen and Meckling, 1976). It tackles accountability by employing mechanisms to mitigate principal-agent dilemmas (Brennan and Solomon, 2008). The establishment of robust CG is indispensable for cultivating an attractive investment climate and stimulating economic expansion (Claessens, 2006).

The dissociation of ownership and control in contemporary corporations precipitates agency complications, which are characterised by conflicting interests between managers and shareholders (Berle and Means, 1932; Jensen and Meckling, 1976). Competent CG endeavours to harmonise these interests and diminish agency concerns by instituting a framework that assigns rights and responsibilities to distinct participants within a corporation, such as the board, managers, shareholders and other stakeholders (Gompers, Ishii and Metrick, 2003).

Numerous definitions of CG have emerged, with a common emphasis on the management of relationships between managers and stakeholders, the allocation of ownership and capital structures and the assurance of investment returns for investors (Berle and Means, 1932; Garvey and Swan, 1996; Shleifer and Vishny, 1997). The overarching aim of CG is to bolster long-term shareholder value by augmenting corporate performance and accountability and considering the interests of other stakeholders (Pitelis, 2004).

Academic inquiries into CG have centred on tackling agency-related issues and investigating mechanisms to alleviate conflicts of interest between managers and shareholders (e.g., Elkelish, 2018; Chen *et al.*, 2012). A sound CG system fosters constructive attitudes among

managers and shareholders, culminating in enhanced organisational performance and sustained growth (Rodriquez-Fernández, 2016).

An analysis of CG is provided in Section 2.4, delivering insights into its intricate facets and implications.

2.3.3.2 Board diversity and independence

Board diversity encompasses task-related factors, such as educational and functional backgrounds; non-task-related factors, such as gender, age, race or nationality; and structural diversity, which includes board independence and CEO non-duality. This diversity poses both challenges and opportunities in the field of board practice and research (Adams *et al*., 2015). A variety of studies, including those by Arfken, Bellar and Helms (2004) and Van der Walt *et al.* (2006), have suggested that diverse boards contribute unique perspectives and foster independent thinking, which potentially leads to improved decision-making (Adams and Ferreira, 2009). Nevertheless, diversity may also result in increased decision-making costs and a higher likelihood of conflicts within teams.

Despite the significance of diversity in effective governance, board compositions tend to remain homogeneous and stable (Catalyst, 2015; Dhir, 2015). Research conducted by Kogut, Colomer and Belinky (2014) has argued that substantial gender disparities in top management are likely to continue in the absence of proactive measures. Gender diversity has emerged as a central focus in policy-making efforts across many countries (Adams *et al.*, 2015).

Sections 2.2 and 2.6 provide a more in-depth examination of board diversity and its associated implications.

2.3.3.3 Executive compensation and accountability

In recent studies on executive pay and responsibility, there has been an observable shift from traditional salary models to reward systems that prioritise performance. These new methods frequently include sizeable equity-based bonuses (Bruce *et al*., 2005). The current scenario has led to widespread discussion among CG researchers regarding the quantum of remuneration received by top-level management, which warrants thorough examination. Most studies on this topic have examined agency theory principles with a particular focus on US and British companies (Fama and Jensen, 1983; Jensen, 1986).

A significant portion of investigation in this area has used the principal-agent design to explore how firm performance relates to executive compensation (Bruce *et al*., 2005; Hall, 2003). Nonetheless, different views are present in the literature, such as stewardship theory (Davis, 2005) and stakeholder theory (Freeman,1984), which offer unique insights into governance functions linked with executive salaries.

Empirical inquiries have scrutinised the direct and universal connection between executive remuneration and organisational efficiency. These inquiries have uncovered varying outcomes across diverse organisational contexts, life cycles and national environments (Van den Berghe *et al.*, 2002; Bruce *et al.*, 2005; Kubo, 2005). Scholars have contended that these alternative theories continue to depend on universalistic efficiency models. They have advocated for a more open-system approach (Aguilera *et al*., 2008) to better comprehend the interplay between executive compensation practices and the organisational and institutional context (Filatotchev and Allcock, 2010). Literature reviews have emphasised the significance of accounting for resources and capabilities (Barney, 1991) and the impact of external actors and resource dependency (Pfeffer and Salancik, 1978).

2.3.3.4 Transparency and disclosure

Financial reporting serves as a pivotal component in investors' decision-making processes by offering crucial insights into a company's fiscal health (Fung, 2014). The presence of erroneous or deliberately deceptive financial statements necessitates the implementation of transparent financial reporting practices to mitigate risks (Caplan and Dutta, 2016). Transparency facilitates the assessment of an entity's financial well-being by investors, creditors and market stakeholders and bolsters faith in market fairness (Barth and Schipper, 2008). Regulators ought to guarantee fair, efficient and transparent markets while ensuring investors have equitable access to pertinent information (Barth and Landsman, 2010).

Contemporary corporate reporting entails various financial and non-financial disclosures, encompassing company objectives, governance structures and policies (Fung, 2014). Given the heightened volatility in global capital markets, it is essential to maintain robust transparency and corporate financial reporting practices to sustain effective CG (Barth and Schipper, 2008). Cultivating a transparent culture is a fundamental step in fostering trust within an organisation (Schnackenberg and Tomlinson, 2016). Such a culture entails open and sincere communication, receptiveness to diverse perspectives, and information sharing (Schnackenberg and Tomlinson, 2016). Boards of directors are responsible for fostering accountability and transparency both internally and externally (Fung, 2014).

CG and disclosure play a crucial role in investment evaluation. Positive correlations exist between sound CG practices and financial ratios, valuations and share price performance (Drobetz *et al.*, 2004). Companies must fortify and elevate their CG standards to entice potential investment capital (Cadbury, 2000). This includes assuring the provision of highly precise, all-encompassing, consequential information that can be readily accessed and delivered promptly to

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investors (Fung, 2014). The incorporation of transparent and openly disclosed information into a CG framework is paramount to a company's resilience. This important feature allows shareholders, stakeholders and investors to make informed decisions regarding the entity in question (Chen *et al*., 2007). Diminishing information asymmetry can bolster share liquidity, decrease the equity cost of capital and address agency problems in CG (Chen *et al*., 2007). A robust disclosure regime fosters capital attraction, bolsters confidence in capital markets and promotes the efficient allocation of resources (Raykovski, 2004).

2.3.4 Environmental, social and governance performance metrics and reporting

The correlation between social advancement and corporate success has been increasingly recognised by businesses, which understand their role within a larger economic framework and have begun to disclose their corporate social responsibility (CSR) initiatives via ESG performance indicators (Kramer and Pfitzer, 2016). Scholars have noted that, through the adoption of global reporting standards, such as the Global Reporting Initiative, organisations can offer extensive insights into their ESG performance (Jones *et al*., 2015).

A multitude of motivations drives companies to report their ESG performance, including obtaining a competitive edge or addressing stakeholder concerns (MacLean and Rebernak, 2007). Nonetheless, for ESG reporting to be effective, it must be intrinsically linked to a firm's central business strategy and internal measurement systems (MacLean and Rebernak, 2007). CSR initiatives exert a substantial influence on ESG factors, impacting on a company's prospective earnings and risk profiles (Renneboog *et al.,* 2008).

The concept of socially responsible investment (SRI) has gained traction in recent years, combining financial objectives with ESG considerations (Renneboog *et al.,* 2008). ESG stocks frequently outperform earnings estimates (Semenova and Hassel, 2015). Initiatives, such as the

UN PRI, have encouraged the incorporation of ESG factors into investment decision-making processes (Semenova and Hassel, 2015).

There is an increased demand for CSR ratings and a subsequent proliferation of rating agencies (Márquez and Fombrun, 2005). However, the ratings landscape is often convoluted, necessitating greater clarity regarding evaluation criteria (Márquez and Fombrun, 2005). ESG goals have interested regulators in the European Union (EU) who have been proactive in promoting sustainable finance, with the EU Commission's Action Plan for Sustainable Finance centring on the development of a sustainability taxonomy. The plan also underscores the significance of incorporating sustainability considerations into financial counsel and establishing transparent sustainability benchmarks (Berger, 2010; Brondoni, 2014).

2.3.5 Environmental, social and governance factors and firm performance

Scholarly investigations examining the association between ESG factors and organisational performance have focused on the implications of ESG disclosure (e.g., Lai *et al*., 2016) and performance for corporate sustainability (e.g., Eccles and Serafeim, 2013) and firm value (e.g., Mervelskemper and Streit, 2017; Fatemi *et al*., 2018). The most frequently cited academic articles in this domain encompass diverse aspects of ESG reporting. These aspects have included the influence of integrated reporting on company value (e.g., Lai *et al*., 2016; Mervelskemper and Streit, 2017); the correlation between ESG disclosure and financial outcomes (Fatemi *et al.*, 2018); the contribution of female board members (Arayssi *et al*., 2016); and the factors determining ESG performance (Lokuwaduge and Heenetigala, 2017). For example, Bernardi and Stark (2018) have established that ESG disclosure serves as a mediating variable in ascertaining the efficacy of integrated reporting.

Lai *et al.* (2016) have discovered that companies adopting integrated reporting exhibit significantly elevated Bloomberg ESG disclosure ratings compared to non-adopters. Mervelskemper and Streit (2017) have examined the impact of integrated reporting on firm value, determining that organisations adhering to integrated reporting generate superior returns relative to their counterparts. Fatemi *et al.* (2018) have also explored firm value, concluding that ESG strengths enhance firm value while weaknesses diminish it. Eccles and Serafeim (2013) have scrutinised the trade-offs between ESG performance and financial performance, proposing sustainable strategies to fulfil both objectives.

Arayssi *et al.* (2016) have evaluated the influence of female directors on the relationship between integrated reporting and shareholder welfare. They have identified positive effects on a company's risk and performance metrics through the encouragement of effective social engagement investments and subsequent reporting. The presence of women on boards positively affects the ESG performance connection. It results in increased risk-adjusted and buy-and-hold abnormal returns and reduced firm risk, as evidenced by return volatility and systematic risk. In contrast, Lokuwaduge and Heenetigala (2017) have underscored three principal drivers of sustainable development, encompassing shareholder activism, regulatory promotion of integrated reporting and the establishment of an ESG Disclosure Index as a benchmark for assessing ESG performance.

Research concerning ESG and corporate sustainability has been chiefly concentrated in the US and Europe, supplemented by several contributions from Asian nations (Khan, 2022). This body of literature can be classified into three primary clusters: the connection between ESG disclosure and financial performance (Mervelskemper and Streit, 2017; Fatemi *et al.*, 2018); the determinants of ESG performance (Lokuwaduge and Heenetigala, 2017); and the function of

integrated reporting in conveying ESG performance (Bernardi and Stark, 2018). Salient conclusions from the existing literature include the affirmative association between ESG disclosure and financial performance, the significance of board composition in shaping ESG performance and the ramifications of integrated reporting on the management of ESG risks and long-term corporate strategy (Khan, 2022).

2.3.6 Environmental, social and governance practice in the United Arab Emirates

A limited number of scholars have endeavoured to investigate the influence of sustainability and social responsibility in the UAE. This section examines existing research on themes related to ESG in the UAE and comparable emerging markets to comprehend the prevailing atmosphere and attitudes towards sustainability and social responsibility. It explores the forms of sustainability and social responsibility initiatives undertaken in the country.

A cross-sectional survey conducted by Rettab *et al.* (2008) and Brik *et al.* (2011) involving 280 companies operating in Dubai, UAE, has revealed a positive correlation between sustainability, social responsibility and specific corporate performance indicators, such as corporate reputation, employee engagement and financial performance. Contrary to other emerging markets, the research indicated that sustainability and social responsibility in the UAE have evolved from simply supporting philanthropic endeavours to adopting strategic social responsibility (Rettab and Mellani, 2019). This demonstrates that social responsibility is not a trivial practice in emerging markets but one with the potential for tangible benefits.

Rettab's (2015) research has demonstrated that the proportion of companies adopting socially responsible policies or strategies in the UAE increased from 33% in 2008 to 54% in 2014. Rettab and Mellani (2019) have argued that strategic social responsibility should be viewed as an investment rather than an expense for UAE companies, as it addresses stakeholder

needs and generates enduring customer value. Scholars have asserted that, in a rapidly growing economy like the UAE, failing to develop such policies may result in unsatisfactory labour practices, environmental harm and increased social inequality.

Rettab, Mellahi and Ben Brik (2010) administered a survey to 334 randomly selected companies in the UAE. The survey discovered that, overall, there is a high level of social responsibility awareness in the UAE. However, only a minority of respondents considered it a central strategy within their organisation. The most prevalent form of social responsibility involved monetary donations and donating products and services, with fewer than 10% of companies making long-term investments, such as scholarships, establishing foundations, lending for environmental and sustainable social activities and providing grants. The primary areas of social responsibility were supporting people with determination (a UAE term for special needs), foreign aid and development and environmental conservation.

Social responsibility in the UAE is an independent activity for corporations, as they rarely interact with non-governmental organisations or form partnerships with these organisations. Many corporations do not allocate budgets for social responsibility nor do they have an active monitoring system. A few of the corporations implemented certain standardised social responsibility and sustainability certification systems, such as Social Accountability 8000 (for socially acceptable workplace practices) and ISO 14001 (for environmental management). However, more than 30% of the corporations enforced ISO 9000 (quality management and stakeholder needs). The data showed that most corporations in the UAE are more focused on stakeholder management, and particularly on customer needs, than on other issues, such as the environment or workplace practices (Rettab, Mellahi and Ben Birk 2010). The research has indicated that not all the cities in the UAE were equal in terms of their CSR implementation.

Social responsibility was more prominent in Dubai and Abu Dhabi (but still less so than Dubai), while the other Emirates were falling behind (Rettab, Mellahi and Ben Birk 2010). This result can be attributed to the globalisation of these cities.

Existing research has deemed the boards of directors' relationships with social responsibility as inadequate. The bulk of corporations in the UAE do not have a social responsibility committee on their board of directors. There is a slight positive correlation between those corporations which possess an awareness of social responsibility and those that possess a code of ethics in their CG policies (Rettab, Mellahi and Ben Birk 2010). However, it is important to note that this research is from 2010 and the UAE has grown exponentially since then, as emerging markets tend to grow much faster than developed markets. Therefore, much of this research is slightly outdated for the UAE.

In 2016, the UAE published updated CG rules. This revised decree required listed public corporations to have a policy for the environment and the community. Public joint stock companies (PJSC) can assign 2% or less of their profits to socially responsible initiatives, provided the institution has been operating for at least two years and has made a profit (Choueiri and Macharia, 2019). The updated 2016 CG framework changes the scope of ESG in the UAE.

2.4 Corporate governance

Since its inception, CG has evolved significantly. *The Cadbury Report*, initially released in December 1992 by The Committee on the Financial Aspects of CG, unveiled significant insights. The report was triggered by a conglomerate of controversies in the United Kingdom (UK), including the Bank of Credit and Commerce International debacle and the Maxwell case, in conjunction with the dour economic climate of the latter half of the 1980s through to the early portion of the 1990s. There was a pressing need to radicalise CG practices within England's

borders. Prevailing public sentiment at the time called for the elevation of CG standards (Cadbury, 1993).

CG has progressively emerged as a critical issue, as various stakeholders demand transparent disclosure of financial statements, market performance and other pertinent information to ascertain the honesty and ethical conduct of firms (Lone, Ali and Khan 2016). The frameworks of CG are delineated as the 'formal structures, informal structures, and processes that exist in oversight roles and responsibilities in the corporate context' (Emenalo, 2012, p. 40). However, Goldschmidt *et al.* (2005, p. 234) define CG as:

> *The framework that defines the division of wealth and power in the corporation. Legal rules that shape this division are scattered in various parts of countries' laws, including specific corporate laws, general commercial codes, bankruptcy codes, financial institution regulations, etc.*

Several studies have discovered a link between CG and certain ESG aspects. Kakabadse (2007) has found that social responsibility is increasingly evidenced in boards' agendas. Jamali *et al.* (2007), Shahin and Zairi (2007), Hung (2011), Kemp (2011) and Jo and Harjoto (2011) have all discovered a positive link between CG and ESG. These findings indicate that the board of directors is a crucial factor in ESG.

2.4.1 Corporate governance in emerging economies

Most research on CG has been conducted in developed and Western nations. Since this thesis aims to conduct CG research in the UAE, an emerging economy, it is important to consider other research carried out in emerging economies. Young *et al.* (2008) have argued that CG, as we know it, was devised in Western countries, namely the US and the UK. In the absence of effective external governance mechanisms, concentrated ownership leads to frequent

confrontations between dominant shareholders and smaller shareholders (Filatotchev *et al.*, 2013). A fresh perspective on CG has emerged, with its focus on conflicts between various types of corporate principles (Young *et al.*, 2008). The principal–principal (PP) model of CG places special emphasis on tensions between the company's majority and minority owners (Young *et al.*, 2008). In emerging nations, publicly traded companies have boards of directors, skilled management and shareowners who together form the three components of modern CG (Del Carmen and Poletti-Hughes, 2017).

Shareholder interests and management priorities could be better aligned through the intervention of a variety of governance strategies (Boivie *et al.*, 2021). Such practices encompass internal and external mechanisms where the former includes concentrated ownership, executive reimbursement packages and boards of directors, while the latter encompasses the managerial labour market, product marketplace rivalry and risk of takeover. The optimum occurrence of mechanisms implemented may be deemed a bundle or an ensemble, and the specific practice's success relies on the usefulness of the others. For instance, where a board of directors is relatively unproductive, a takeover attempt might be vital to remove a firmly established CEO. Conflicts often occur between the dominating shareholders and the divided minority shareowners (Young *et al.*, 2008). The variation of the battlefronts occurs with the changing dynamics of organisational supremacy in PP struggles. For instance, controlling shareowners may decide on the people to form the board of directors as a way of nullifying the panel's ability to oversee them. An appeal to the courts for the failure of the board to value the interests of minority shareowners is often limited.

The major internal governance approach in developed nations is the boards of directors, irrespective of their being intricate formations that necessitate official and informal corporate

support to function as planned. Since the boards of directors in developing countries lack organisational support, they have a low likelihood of undertaking a strong governance and supervision role. The independence of the boards of directors from founding families has a positive influence on the success of an organisation. Family owners might deprive the organisation of its resources or assign executive positions to incompetent relatives. Sibling competition, generational resentment, compensation that is not based on merit and unreasonable tactical decisions may ruin the reputation and success of such an organisation (Young *et al*., 2008). There is typically a lack of transparency in the operations of boards of directors and the management in family-owned corporations attributable to non-conformity with public disclosure standards. This results in minority shareowners not being informed of the actual position and performance of the organisation, which they partly own. It can be attributed to controlling shareholders dominating decision-making practices and hiding crucial information regarding the corporation.

The eradication of concentrated ownership formations is unrealistic because the lack of supporting mechanisms, such as effective boards of directors or regulations, may generate a governance vacuum that has the possibility of causing unrestricted managerial opportunism. The resolution of PP conflicts in developing countries needs creative resolutions that go beyond ordinary practices. Individual nations need to establish solutions tailored to their specific institutional problems (Young *et al*., 2008). There is a need for future research to build on this basis and establish a successful solution to PP conflicts, which negatively affect organisations, shareholders (both minority and dominating) and economies in developing countries across the globe.

A study by Arakat *et al*. (2010) has focused on investigating the impact of board diversity on financial performance of an organisation by using ISE-100 index firms traded in the Istanbul stock exchange. The article explores board diversity in an emerging market. Some of the characteristics utilised by this study include gender, generational differences and directors' educational and nationality backgrounds. These indicators of diversity are combined through a diversity index to form the critical mass of diverse opinions, which are important for the study. The study utilises the market-to-book ratio and Tobin's Q, which are market-based and return-on-equity techniques for performance measuring.

The study also focuses on the board's diversity relationship with the intensity of board monitoring and the intensity of monitoring and firm performance as a way of understanding how a board's diversity may affect firm performance. The intensity of board monitoring is defined as a combination of variables, such as the number of board meetings, board committees, auditing, the firm's quality of financial reporting and the intensity of its disclosure. In a similar fashion to other recent studies on corporate studies, this study analyses the effect of a board's composition on firm performance. Most of the outcomes in relation to this subject have found a positive correlation between the two, prompting some of the countries in Europe to legislate to require greater female representation on corporate boards and for other diversity criteria to be followed (Arakat, Aksy and Tansel, 2010).

The sample size for this study comprised ISE-100 listed firms, which excludes real estate investment trust. The study collected the necessary data from the firms, including data on board diversity, ownership and monitoring intensity. The independent variable data were obtained from the annual reports, the firm's website and through correspondence with the department of investor relations via email. The only utilised dependent variable was the firm's performance.

The study used two measures: a ratio based on the International Financial Report Standards pure historical accounting numbers and the firm's performance, which was market-based, that is, based on the market value of equity and Tobin's Q (Arakat, Aksy and Tansel, 2010).

The study outcomes showed that the intensity of a board's monitoring was a significant variable in the firm's performance relationship with the board's composition. However, there was no correlation between firm ownership and the firm's performance. The outcome indicated a negative relationship between independent board members and firm performance (Arakat, Aksy and Tansel, 2010). However, the same study indicated a positive outcome for intensity of board monitoring. Independent members of the board, therefore, play a significant role in enhancing monitoring if the board is not homogenous.

The board's diversity affects the firm's performance through the intensity of board monitoring, resulting in a more effective board. This type of board can ensure conflicts of interest between the firm and the shareholders are well monitored, which can enhance the firm's performance. Diverse boards act as better monitors, mitigate agency conflict and enhance performance in a firm.

Another study conducted by Ararat, Aksu and Tansel (2010) has related the two subjects of board diversity and firm performance by combining different diversity indicators through a diversity index, which helps account for the diverse mass of opinions that are essential for this inquiry. The results obtained from the study were quite encouraging, however, they had some limitations.

Melsa, Aksu and Tansel Cetin (2010) relied on a sample of 100 index firms. Although this sample size may be enough to reach an outcome, it is quite small. To replicate results, a study needs a larger population of corporate firms. The study used firms that were co-located in

one country. The lack of diversity meant that the firms were more likely to share the same models of management. Their directors were more likely to share the same demographics, such as race, ethnicity and faith. The study concluded that board diversity was significant for firm performance through better monitoring and mitigation of conflict. The lack of diversity, however, limits the utilisation and generalisation of these results by the wider corporate population.

2.4.2 Corporate governance in the United Arab Emirates

The structure of a board of directors in the UAE depends on whether it is a PJSC or a limited liability company (LLC) (Ahmed and Kothari, 2008). A PJSC should have a unitary board consisting of both executive and non-executive members with a minimum of three members and a maximum of 11 (Chekroun *et al*., 2022). An LLC with less than seven partners should appoint a manager and is not required to have a board. However, an LLC consisting of more than seven partners needs to have a supervisory board, which should comprise at least three of the partners (Choueiri and Macharia, 2019).

The UAE does not set any age-related restrictions on board members. However, *The Gender Balance Council Report* (2019) has highlighted the requirements of the Securities Commission Authority (SCA) for nominations to company boards. These requirements include having five years' experience working in the company's industry, not having been dismissed from a previous board position within the year, possessing a clear record and not having any current investigations or court cases regarding the person's honesty and integrity. Restrictions on non-nationals serving on the board of directors exist. In a PSJC, board members must consist predominantly of UAE nationals. While an LLC has no such stipulation, but this structure

requires a national to hold at least 51% of shares of the corporation (Choueiri and Macharia, 2019).

Additional aspects of board conditions relate to executive, independent and non-executive board members (Hassan and Layhani, 2020). A PSJC should comprise independent and non-executive members. This requirement does not exist for LLCs. Other conditions for PSJCs include members being unable to hold both the positions of chairman and chief executive officer or chairman and vice chairman, not holding positions on more than five PSJCs or holding the position of managing director of more than one company (Choueiri and Macharia 2019).

2.4.3 Relationship between environmental, social and governance practice and corporate governance

A few researchers have attributed a firm's ESG activities to the board as more and more attention has been given to the firm's sustainability and CSR (Gillian *et al*., 2021). Following the UN 2014 accord on sustainability goals for 2030, businesses were given an even greater role in contributing to sustainability than in the previous accords (UN Assembly, 2015). Naciti (2019) has asserted that the main method by which businesses can successfully introduce sustainability is through CG planning. Previous research, such as a study conducted by Bear, Rahman and Post (2010), has argued that social responsibility and sustainability should not be studied separately and should be looked at as dependents. Therefore, various scholars have aimed to explore whether board composition influences a firm's sustainability performance (De Villiers *et al*., 2011; Zaid *et al.*, 2020; Hussain *et al.*, 2018; Naciti, 2019).

The three main hypotheses for the studies were that more independent directors would contribute positively to sustainability performance (e.g., De Villiers *et al*., 2011); more board diversity (gender and nationality) would positively affect sustainability (e.g., Zaid *et al*., 2020);

and separation of CEO and chairman roles would add to sustainability performance (e.g., Hussain *et al.*, 2018). Using data from the Fortune Global 500 list, Naciti (2019) sampled 362 large companies coming from six regions to gain a wide international perspective. After applying empirical tests, Naciti (2019) found that a high number of independent directors do not impact sustainability practices, but diversity and separation of the CEO from the chair have a significant impact on sustainability practices.

There were a few limitations to the study conducted by Naciti (2019). First, Naciti defines diversity as gender and nationality, which might be misleading as diversity can be a great number of aspects, such as age, ethnicity, sexual orientation, education, and occupation. Second, the research looks like an index, rather than a series of interviews with the corporations' board members to assess whether they influence sustainability. The fact that a board is influencing sustainability is based on assumption. Although this assumption is likely to be true, it could be more accurately evaluated through interviews. Third, the research only looks at large corporations and gives little attention to small- and medium-sized corporations.

Recent studies have attempted to link accounting conservatism with CSR and CG (Burke, Chen and Lobo, 2020; Nasr and Ntim, 2017). Accounting conservatism is an accounting model and procedure that demands an intense and strict verification regarding the acceptance of profit and more leniency in accepting losses (Basu, 1997; Watts, 2003). This accounting technique is expected to combat information asymmetry. It could be more demanding for firms that engage in less CSR, since the CSR model advocates responsibility to stakeholders. CSR places importance on transparency with stakeholders. This transparency is one form of reconciliation for a lack of it would occur through accounting reporting and avoiding information asymmetry (Burke, Chen and Lobo, 2020).

Burke, Chen and Lobo (2020) have argued that there is a negative link between the CSR performance of a corporation and the conditional conservatism required of them. In their work, Burke, Chen and Lobo have asserted this negative link would be due to the stakeholders' lack of concern for conservatism when the corporation is engaging with them, addressing their needs, and cultivating long-term relationships with them. These actions would cause the stakeholders to believe the firm is concerned with the stakeholders and, therefore, additional regulation would not be required. The researchers have argued that engaging in CSR increases information and decreases information asymmetry between the corporation and equity holders (Cho *et al.,* 2012; Cui *et al.,* 2018). Corporations with more information asymmetry are more likely to have conditional conservatism (Lafond and Watts, 2008).

Using the KLD's CSR rating for reference, Burke, Chen and Lobo (2020) have found that CSR performance of the prior term is negatively linked with conditional conservatism, which is the subsequent term using regression analysis. Another noteworthy finding in the research was that corporations that maintained more financial transparency required less conditional conservatism. Transparency normally leaves less room for deceit and allows stakeholders to be more trusting and, therefore, less demanding over financial requirements.

Another study regarding accounting conservatism was conducted by Nasr and Ntim (2017) and focused on the effect of different CG features rather than CSR performance on accounting conservatism in Egypt. The study investigated different features of CG, such as the number of independent directors, the external auditor type, size of the board and segregation of chairman and CEO on the board. The most important factor to consider in this study was the impact of independent directors, as it was a component of diversity on the board.

Nasr and Ntim (2017) assume that in relation to agency theory, independent directors would normally result in increased CG rigorousness and would reduce the likelihood of managers exaggerating earnings as independent directors count as external overseers. However, in relation to the stewardship theory, the independent directors do not possess the tools required to monitor the corporation effectively due to their part-time status and lack of specialisation in the business. The corporation would be better off with inside directors as they understand the corporation better. However, I find this argument lacking in evidence.

Results from Nasr and Ntim's (2017) study have shown that small boards in Egypt resulted in higher accounting conservatism. They attribute this to the idea that small boards are generally thought to be lacking in effective CG mechanisms and the organisation would need to be compensated for this with more stringent accounting standards, such as accounting conservatism. The researchers found that the more independent directors a firm had, the higher the level of accounting conservatism. This finding is aligned with agency theory, since the independent directors are given the role of monitoring systems and are thus held accountable for it since they would likely place a higher level of accounting conservatism to minimise agency conflict. It is important to note that this study took place in Egypt and the same results might not be replicated in the UAE. However, Egypt and the UAE have some similarities and are both common law countries. Therefore, some findings from this study may be considered.

The two research studies conducted by Berke, Chen and Lobo (2020) and Nasr and Ntim (2017) have examined the impact of CSR on accounting conservatism. Berke, Chen and Lobo's (2020) study focused on the impact of CSR performance on conditional accounting conservatism. Nasr and Nitm's (2017) study concentrated on the impact of various CG measures (particularly the number of independent board members) on accounting conservatism. The

findings show high CSR performance correlated with a lesser need for accounting conservatism from the stakeholders. This could be attributed to the transparency associated with CSR measures. The results also show that more independent directors are correlated with higher accounting conservatism, and this could be due to the monitoring responsibility given to the independent directors.

2.4.4 Role of environmental, social and governance practice and corporate governance in Islamic law

This section highlights the role of ESG and CG in Islam and Shariah law. Since this research was conducted in the UAE, it is important to understand the role of ESG and CG in Islam, as these laws govern many large entities, such as Islamic banks and Islamic corporations. These laws constitute the moral principles of the people in dominating leadership positions in the country. Corporations in Islamic society use the objectives of Shariah in some way, whether it be in their mission statement, vision statement, company values, how they deal with conflict or in the management of stakeholders (Murphy and Smolarski, 2018). Islamic Banks in the UAE have both a conventional board and a Shariah board to discuss the permissibility of certain financial instruments within Shariah law.

There is a growing body of literature discussing the contribution of Islam to social responsibility and sustainability (Elasrag, 2015; Nalla, 2011; Murphy and Smolarski, 2018). Research papers have stressed the importance of social responsibility in Shariah law. The main objective of Shariah law is promoting the welfare of all humanity by protecting their wealth,

descendants, humans, faith and intellect. It is believed that anything that protects wealth, descendants, humans, faith and intellect aids society (Ghazali, cited in Nalla, 2011).

Some scholars have suggested that large corporations in Muslim countries have an Islamic obligation to assist governments with socioeconomic challenges and to progress human rights (Murphy and Smolarski, 2018). 'God commands you to do justice and be fair (to others)' (Qur'an 16:90). The preceding quotation provides textual evidence from the Quran that an entity has the Islamic responsibility to fulfil human rights obligations and to be concerned for a society's welfare.

Islamic law is referred to as Shariah law, while the goals or purposes of Shariah law are referred to as Maqasid al Shariah. Murphy and Smolarski (2018) have likened these purposes of Shariah law to the philosophy of Immanuel Kant (Kantianism). The first main objectives include protecting intellect, wealth, faith, humans and descendants (Ghazali, cited in Nalla, 2011), which could be likened to Kant's negative rights. The second set of objectives aligns with Kant's positive rights. These objectives comprise the formation of fairness and lawfulness in a community, the advocacy for good deeds and righteousness and the eradication of immorality, the advocacy for civil security and common aid (aiding the less fortunate in covering their basic needs), the advocacy in nature conservancy and comprehensive morality and the preservation of safety and accord (Ayub, 2007).

In Islamic doctrine, some concepts are essential in coupling Islam with ESG and particularly with 'political' social responsibility. These concepts are *Fard al-Ayn* and *Fard al-Kifayah* (Murphy and Smolarski, 2018). *Fard al-Ayn* is a requirement for every Muslim. For instance, the pilgrimage is considered one of the *Fard al-Ayn*, so it is customary for corporations to allow their employees to have days off (not including their holiday) to go on a pilgrimage to

Makkah and some employers even contribute to their travel expenses. *Fard al-Kifayah* refers to Islamic requirements for society. Every member of society must work together to fulfil them. However, if a few key members of society can fulfil them, then the duty is released from everyone else, referring to individuals in a position of power. This is where large corporations have a role (Murphy and Smolarski, 2018).

Murphy and Smolarski (2018) have argued that *Fard al-Kifayah* is parallel to 'political' CSR from the perspective of the corporation. This is like the notion of 'political' CSR delineated by Crane, Matten and Moon (2008) and Palazzo and Scherer (2007). Murphy and Smolarski (2018) have asserted that *Fard al-Kifayah* places a duty on corporations to develop and press the governments within which they operate on behalf of their stakeholders, who do not have the influence or authority to do so for themselves. These stakeholder groups could comprise minorities and the environment.

Most firms within the UAE incorporate Shariah law either directly or indirectly in their corporate values, vision and mission statement. For instance, the corporate values of Abu Dhabi Islamic Bank include transparency, mutual benefit and Shariah compliance. This is a direct incorporation of Shariah law into their corporate values. Another example of the application of Islamic values in a corporation is the Dubai-based real estate company, Emaar, whose vision is '*Our dream is to be the most valuable company enriching the lives of people around the world*' (Emaar). This is an indirect incorporation of Shariah values, as it could be depicted as advocacy for good deeds and enriching the lives of humans.

Corporations who would like to deem their services Shariah compliant need to have their boards fully constituted to include both a traditional board of directors and a Shariah board. A Shariah board must ensure that the corporation is acting in compliance with Shariah law. This

means that the Shariah board would have to incorporate Shariah law, such as *Fard al-Ayn* and *Fard al-Kifayah*, in the decision-making processes (Nalla, 2011).

2.5 Board theories

This section explores the predominant theories found in the literature exploring the interplay between ESG and boardroom diversity. First, the guiding theory for this study—RDT—is discussed. Next, stakeholder theory, critical mass theory, agency theory, groupthink theory, signalling theory, pipeline theory, institutional theory, social role theory, upper echelon theory, behavioural organisation theory, faultline theory and bounded rationality are reviewed in this section.

2.5.1 Resource dependence theory

RDT, initially put forward by Pfeffer (1972), has evolved into a prominent theoretical framework in the field of management. This theory contends that firms are entities contingent upon external factors, with their structures shaped by the surrounding environment (Pfeffer and Salancik, 1978). RDT focuses on the resources accessible to an organisation (Hillman *et al.*, 2000; Ahmad *et al.*, 2018). It is predicated on the notion that an enterprise's performance relates to the opportunities that facilitate resource acquisition (Hillman and Dalziel, 2003). This theoretical framework postulates that the governing board of directors inhabits a pivotal position as the intermediary between the organisational entity and its resources (Hillman *et al.*, 2000; Ahmad *et al.*, 2018). Pfeffer *et al.* (1972), meanwhile, have contended that optimal results necessitate an amalgamated configuration of directors to align harmoniously with the needs and available resources critical for enhancing efficiency within the organisation. A diverse board of directors, for instance, may expand the breadth of resources accessible to the firm.

Contrary to other perspectives on the subject, RDT uniquely emphasises resource self-sufficiency as a critical element, positing that resource autonomy diminishes the influence of external entities (e.g., suppliers) over a firm and augments the latter's power (Pfeffer and Salancik, 1978; Pfeffer, 1972). Although RDT is less frequently employed than agency theory in board-related research, empirical evidence indicates its superior efficacy in elucidating board dynamics (Hillman *et al*., 2009).

RDT is prominent in organisational theory and strategic management (Jiang *et al*., 2022; Hillman *et al*., 2009). It has been broadly applied in studies to offer explanations for the concept of organisations' means of environmental interdependence and uncertainty reduction (Jiang *et al*., 2022; Hillman *et al*., 2009). Pfeffer (1972) has proposed options that can be enacted by firms for the purposes of minimising environmental dependencies. They include vertical integration and mergers, joint ventures, board of directors, political action and executive succession (Pfeffer, 1972).

RDT has a significant influence on research focused on boards of directors (Hillman and Dalziel, 2003). Boards in organisations play the role of minimising the dependencies or resource gains (Pfeffer and Salancik, 1978). RDT has been widely supported by many reviews of boards of directors. It has been deployed more often than other board perspectives, such as agency theory. It is eminently suitable for understanding boards (e.g., Hillman and Dalziel, 2003). Earlier studies have emphasised indicators such as board size and composition in the determination of its ability to amass the needed resources for the firm (Pfeffer, 1972; Boyd, 1990). For instance, Pfeffer (1972) has indicated that the size of the organisation's board was related to the environmental needs of the organisation. This scholar has noted that firms with greater interdependence require directors who are outsiders in higher ratios.

Pfeffer (1972) has added that the board's size and its composition are rational responses to the external environment conditions of an organisation, but not random or independent factors. This opinion has gained support from many studies, which have indicated that the size of the board is related to the level of internationalisation in a firm (Hillman, Withers and Collins, 2009). The relationship between board size and a firm's performance has been explored by several studies aiming to determine successful resource dependence strategy indicators (Boyd, 1990, Dalton *et al.*, 2003). Dalton *et al.* (2003) conducted a meta-analysis and found a correlation between board size and the financial performance of a firm.

The board's composition correlates to the firm's need for resources and the ability of the board members to support and facilitate meeting the firm's needs (Lynall *et al*., 2003). There is a need to focus on resource-rich directors in the composition of a board since what matters in a board are the characteristics of directors and not the number of directors (Van der Walt and Ingley, 2003). Board interlocks are more beneficial as they create more opportunities for directors in resource amassing (Lamb and Roundy, 2016). Directors are of benefit to organisations in four ways: as information sources, which can take the form of counsel or advice; as links between a firm and the environment contingencies; for privileged resources access; and for legitimacy (Arnegger *et al.,* 2014). Firms whose boards comprise powerful members of society have easier access to critical resources (Hillman, 2005).

Firms operating in an environment that is highly regulated need outsiders more, especially those in possession of relevant experience (Hillman *et al*., 2000). This assertion has been supported by findings confirming that industries that operate in a highly regulated environment have a higher number of directors who are stakeholders (Hillman *et al*., 2009). The corporate social performance of an organisation is more likely to improve when the firm has

stakeholder directors on the board (Arnegger *et al.*, 2014). A correlation exists between firms'

and financial institutions' representation on their boards (Arnegger *et al.,* 2014). It is easier for a

firm to secure financing when it has a board member representing a financial institution. This

outcome supports the four benefits advanced for boards by Pfeffer and Salancik (1978).

Organisations are more likely to appoint politicians or people with experience in

government since they are believed to have power and influence, which would directly translate

to director resources (Hillman, Withers and Collins, 2009). Based on the type of dependencies

the firm has, there is also the likelihood of the firm appointing female directors (Terjesen *et al.*,

2009). Scholars have discussed the process of categorisation of directors, depending on their

value in terms of RDT and determining the benefits they offer to a firm. Depending on the value

of the directors, they can be categorised as business experts, community influencers and support

specialists, depending on the resources they can advance for the board (Hillman *et al.*, 2000).

RDT proposes the need for environmental linkage between outside resources and an

organisation (Pfeffer and Salancik, 1978). According to this theory's perspective, the directors

have the role of connecting the organisation and the external factors through co-opting resources

that are critical for the survival of the business (Pfeffer, 1972; Pfeffer and Salancik, 1978;

Hillman *et al*., 2000). The directors can be treated as a significant mechanism for the absorption

of critical elements of environmental uncertainty into the organisation (Hillman *et al*., 2000). The

importance of environmental linkages is that it reduces the environmental dependency associated

with transaction costs (Hillman *et al*., 2009; Hillman *et al.*, 2000). The development of exchange

relationships among firms emanates from organisations' need for resources (McFadyen and

Cannella, 2004). Interdependent organisational relationships are furthered by the uneven

distribution of the needed resources and the attempts by organisations to overpower others by

reducing their influence regarding access to vital resources (Pfeffer, 1992). Managers can reduce organisations' dependence and environmental uncertainty by taking action on which concept of power is at the centre (Hillman *et al*., 2000). The concept of power means that the manager has control over crucial resources for the business (Hillman, Withers and Collins, 2009). Firms that have control of critical resources are more likely to dominate their peers depending on the same resources (Davis and Cobb, 2010). This has seen firms appoint directors with influence in government and key policy makers, since they are in control of critical resources (Hillman, 2005). With this influence, a firm can enhance its legitimacy in society, which can improve its performance (Pfeffer and Salancik, 1978). The concept of power is significant in determining the structure and composition of a firm's board of directors (Hillman, 2005).

Resource dependency theory is applicable in research on the role of boards of directors in the success of firms (Pfeffer, 1972). Extensive evidence exists for the assertion that a board can manage an organisation's environmental dependencies and should reflect its environmental needs (Hillman *et al*., 2000). There is evidence of the four benefits that directors can bring to a firm legitimacy, advice and counsel, preferential access to resources and channels of information flow (Pfeffer and Salancik, 1978). Organisations' boards are dynamic, meaning their composition is controlled as environmental needs change (Van der Walt *et al*., 2006; Hillman *et al*., 2000). A board's composition is more likely to be influenced as the organisation moves into new environments. Organisations tend to value the abilities of directors to provide resources in the current environment (Pfeffer and Salancik, 1978).

2.5.2 Agency theory

The origins of agency theory can be traced back to seminal publications in economics by Berle and Means (1932), Spence and Zeckhauser (1971) and Jensen and Meckling (1976). In 1970,

Friedman formulated agency theory, which has since gained widespread application (Darrag and E-Bassiouny, 2013). This theoretical perspective posits that managers should serve as representatives of shareholders, executing their duties responsibly and striving to maximise shareholder wealth (Nalband and Alamri, 2013). Friedman has argued that management bears a responsibility towards shareholders to use company resources exclusively for the enhancement of shareholder wealth, rather than for personal motives (Mujtaba and Cavico, 2013). Agents are expected to maintain transparency in disclosing information to shareholders, including financial data (Sen and Cowley, 2013). Transparency allows shareholders to efficaciously discern and appraise their options with regard to the organisation's operations and investments, enabling them to make informed decisions.

Agency theory maintains that managers must avoid self-servicing actions and place the shareholders' interests above their own (Mujtaba and Cavico, 2013). This theory considers that any CSR performed by the company is completed using company resources with the intention of promoting the brand image of the company (Darrag and E-Bassiouny, 2013). Because of its emphasis on the interplay between the principal (owner) and agent (management), agency theory has emerged as one of the most influential theories of CG (Bendickson *et al.*, 2016). Principal-agent relationships are difficult and expensive to optimise according to agency theory because principals and agents have divergent goals, risk preferences, and utility functions (Eisenhardt, 1989).

Although the agency theory protects the interests of the shareholders, it has been widely criticised for its approach to ESG-related activities (Lan and Heracleous, 2010; Nalband and Alamri, 2013; Darrag and E-Bassiouny, 2013). The first criticism raised is that the theory only protects the interests of the shareholders and puts one stakeholder group above the others (Lan

and Heracleous, 2010). The theory advises management to do everything it can to protect the shareholder interests, even if it means foregoing aid to other stakeholder groups, such as reducing salaries and providing poor working conditions to its employees (Nalband and Alamri, 2013). The theory perceives financial performance and social activities to be a trade-off and not two ends that can occur concurrently (Darrag and E-Bassiouny, 2013).

2.5.2.1 Comparison of resource dependence theory and agency theory

Agency theory and RDT have been used to link a firm's board composition to company performance (Hillman and Dalziel, 2003). Agency theory suggests that a comprehensive board of directors (acting as principals) would better restrain management (agents) from committing self-serving actions (Miller, 2002). Advocates for agency theory assert that the board's function is to monitor, while advocates of RDT argue that the board's function is the provision of resources (Hillman and Dalziel, 2003). In RDT, the board is considered in terms of capital, consisting of both human capital (e.g., expertise) and relationship capital, such as ties to other companies (Hillman and Dalziel, 2003).

RDT is a better fit for this study. The theory proposes that a diverse board would bring about a diverse range of resources (Ahmad *et al*., 2018) and would therefore be applicable to examining various forms of diversity, such as age, gender and race, among others. Recent empirical studies have verified that RDT is more effective for understanding boards (Hillman *et al*., 2009). These arguments indicate that RDT is the best fit to analyse how a diverse board would impact ESG in the UAE.

2.5.3 Stakeholder theory

Stakeholder theory rose to prominence in 1984, promoted by Edward Freeman (Claydon, 2011). This theory claims that organisations have an ethical responsibility regarding every stakeholder,

and specifically the stakeholders impacted by the organisation (Mishra and Suar, 2010). The theory highlights that a firm's responsibility in terms of stakeholders should focus on two areas: minimising the negative impact of an establishment's actions on the public and the environment and positively progressing society (Sen and Cowley, 2013). The theory emphasises that stakeholders have the right to participate in the corporations in which they have a stake (Claydon, 2011). Stakeholder theory maintains that the activities performed by corporations need to be regulated to protect the interests of any stakeholders who could be affected (Sen and Cowley, 2013). The theory argues that external issues demonstrate how the actions of a corporation impact its stakeholders (Ismail, Alias and Rasdi, 2015). For example, if a company bribes an official to permit the release of a low-quality product, the customers, as stakeholders, are negatively affected by a low-quality product. Such a product does not perform its function, and the company suffers from a negative brand image for corruption and manufacturing of low-quality products. Although there is no contractual agreement between the company and the public, negative actions by the company can affect the public (Claydon, 2011).

Another variation of stakeholder theory claims that the stakeholders are split into primary and secondary stakeholders. The primary stakeholders are the stakeholders who have a key position within the corporation (Ismail, Alias and Rasdi, 2015). The examples of primary stakeholders include the employees, stockholders, vendors, partners and the government. The secondary stakeholders are not directly involved in the actions of a company and are not directly affected by the actions of a company (Ismail, Alias and Rasdi, 2015). Examples of secondary stakeholders include activist groups, the media, the public and associations. This version of stakeholder theory promotes the primary stakeholders and believes they must be involved in the company's decision-making procedures (Lyra *et al*., 2017).

Although stakeholder theory emphasises the importance of enhancing the well-being of all stakeholders, it has been heavily criticised by many scholars. The key aspect is that stakeholders would need to participate in the decision-making procedure of the company (Stieb, 2009). It would be unfeasible for most corporations to involve all their primary stakeholders in decision-making processes, since this would require considerable time and money (Sen and Cowley, 2013). Stakeholder theory also argues that relevant stakeholders need to be compensated when affected by any part of the decisions that the corporation makes (Stieb, 2009). Such a move would cause conflict with the shareholders of the corporation who expect to be paid. I conclude that stakeholder theory does not provide a practical solution for corporations.

2.5.4 Upper echelon theory

Upper echelon theory rests on the belief that top managers analyse situations through a highly individualised perspective (Goyal *et al*., 2019; Lee *et al*., 2018). The personalities, experiences and values held by individual executives can vary significantly. Each executive views situations through unique lenses (Colbert *et al*., 2014; Dubey et al., 2017). According to the upper-echelon theory, a corporation's outcome and performance is reflective of the composition and characteristics of its executive management team (Carpenter *et al*., 2004). Researchers should then focus only on the small, elite portion of the corporation's executive team (Hambrick, 2007). Studies have shown that the cognitive characteristics of the executive team profoundly influence how they develop and implement organisational strategies (Dubey et al., 2017). The upper-echelon theory is extremely useful in human resource recruiting to predict the productivity and suitability of candidates (Yasser *et al*., 2020). As with the agency and stakeholder theories, upper echelon theory focuses on stakeholders or human capital (Dubey et al., 2017). However, upper echelon theory addresses only one category of stakeholders, while the agency and stakeholder

theories analyse different levels of stakeholders and the effects their relationships have on the organisation's performance and outcome. The upper echelon theory has been widely criticised for only focusing on upper management and being overly reductive in generalising the characteristics of the top management team instead of analysing individual top executives (Dubey et al., 2017).

2.5.5 Behavioural organisation theory

Behavioural organisation theory is defined as a study of the relationships and the nature of interactions between organisations and their stakeholders (Cyert and March, 1963). It is a critical aspect in the process of decision-making and organisations resources control (March and Simon, 1993). Many studies in relation to this topic have focused on a firm's board of directors using the agency theory perspective (Sen and Cowley, 2013; Jensen and Meckling, 1976). Much emphasis has been placed on formal incentives and control mechanisms, focusing on how members of the board of directors may protect their interests from managers who may be opportunistic and self-serving (Van Ees *et al*., 2009). This can be achieved through monitoring (Hillman and Dalziel, 2003) or bonding activities (Van Ees *et al*., 2009).

Studies have argued that boards are more concerned with solving coordination issues and management of complexities and uncertainties in strategic decision-making rather than with solving conflicts of interest (Augier, 2004). However, CG institutions, including organisations' boards, are only seen as a means of problem-solving (Forbes and Milliken, 1999). This can be achieved by reducing complexity in organisations (Rindova, 1999), creating accountability (Huse, 2005) and facilitating stakeholder cooperation and coordination through the collection and coordination of dispersed knowledge and utilisation of planning and controlling procedures (Van Ees *et al*., 2009; Augier, 2004). Such an approach is contrary to the one advanced by the

agency perspective, which deals with boards are mere tools for deterring managerial self-interest regarding formal contracts and extrinsic rewards (Van Ees *et al*., 2009).

Despite the various outcomes from these different studies, there is agreement that the main role of boards is in mediation between various coalitions of those acting internally or externally in an organisation to ensure that its efforts are focused on achieving goals as set by the dominant coalition (Cyert and March, 1963; Huse *et al*., 2011). This is achieved by establishing controls within the organisation (Van Ees *et al*., 2009). The board is involved in enabling cooperation between various stakeholders' coalitions by solving conflicts, exerting control and solving problems associated with cooperation and coordination and through engagement in collective processes of gathering organised knowledge and information (Cyert and March, 1963; Huse *et al*., 2011). This can be interpreted to mean that the board's output towards organisations' performances can be achieved through its involvement in the process of enabling cooperation and in its collection and utilisation of relevant and timely knowledge instead of having its focus on agency costs reduction (Van Ees *et al*., 2009). To achieve this, firms should thus introduce and apply some key behavioural theory concepts and mechanisms in their CG (Cyert and March, 1963; Van Ees *et al*., 2009). This includes the routinisation of heuristic decision-making practices, bounded rationality, 'satisficing' decision-making behaviour and political bargaining (Torchia *et al*., 2018).

Satisficing is another concept from behavioural theory. It suggests that judgements or choices regarded as good enough are accepted by actors, based on what they view as current needs instead of searching for optimal solutions (Hendry, 2005). In CG, satisficing behaviour is opposed to optimising behaviour and intends to reduce the gains of opportunistic behaviour (Baumol, 2004). Satisficing as a decision-making guiding principle reduces the opportunities

between actors in an organisation to capture all opportunities in maximising payoffs (Van Ees, Gabrielsson and Huse, 2009). The concept states that boards should contribute to the goal-formation processes in the organisations (Osterloh and Frey, 2004). It indicates that knowledge of a board's role in the decision-making process in an organisation can be better understood by examining the board's position and political role in the process of goal formation in an organisation (Van Ees, Gabrielsson and Huse, 2009).

The political bargaining concept indicates that organisations are organised into coalitions and sub-coalitions of stakeholders (Huse and Rindova, 2001). Therefore, it is more likely to have members of coalitions with distinct objectives and preferences, warranting bargaining and negotiations among them (Augier, 2004). The main role of board members is to safeguard the best interest of a firm. In political bargaining, the board's role is to intermediate among coalitions while maintaining the firm's best interest (Van Ees, Gabrielsson and Huse, 2009).

2.5.6 Bounded rationality

The concept of bounded rationality argues that an organisation's decision-makers may experience limits to their abilities to process information and provide solutions to complex problems (Augier, 2004). However, studies have indicated that it is a costly concept. In addressing complex issues and problems, the application of rational rules can lead to significant cognitive effort (Greve, 2003). The concept advocates for the simplification of decision rules by the decision-making organs, since a complex business environment may hinder their ability to understand the link between relevant variables. In relation to the behavioural theory of boards, the bounded rationality concept dictates that members of the board should reduce complexity and routinely simplify and structure information through perceptual filters and knowledge structures to cope with uncertainties (Augier, 2004; Van Ees *et al*., 2009). The directors can enact decision-

making scripts, such as using experience gained in previous boards for the purposes of problem-solving strategy and problems monitoring in their current boards through the application of simple decision-making techniques (Hodgkinson and Starbuck, 2008). Mimicry acts as an important device in decision-making (DiMaggio and Powell, 1983). Also, the concept indicates that particular decision-making routines can be encoded in the memory of the organisation to be used later in solving problems in similar situations (Lindenberg, 2003). Organisations relying on the established rules mean that the board is presented with solutions that are readily available for the purposes of solving organisational problems (Van Ees, Gabrielsson, Huse, 2009). Consequently, the board's ability to legitimise and defend its decisions and actions increases (Westphal and Zajac, 1998).

Routinisation of the decision-making concept states that board members operate on routine or performance programmes that have been achieved over time (Torchia *et al*., 2018). Such routines or standard operating procedures of an organisation may include past experiences, values, knowledge, capabilities and beliefs of the organisations and its decision-makers (Augier, 2004). The significance of this decision-making concept is that it is an organisation's tool for control and stability, with the abilities to enable and constrain actions in an organisation (Cyert and March, 1963). Notably, through routines, an organisation can conserve the board members' cognitive abilities and act as a channel for conflict limitation. The board members direct aspects of the organisation to identify problematic situations (Van Ees, Gabrielsson, Huse, 2009).

A board's diversity is critical in the study of behavioural organisation theory in an organisation since it influences the decision-making processes (Cyert and March, 1963). Problem recognition can be influenced by selected biases and attention allocation (Van Ees *et al*., 2009). The simplest solution to problems is the use of heuristic or routine decision-making techniques

(DiMaggio and Powell, 1983). The board's diversity should not be affected but should focus on gaining the best interest of the firm.

2.5.7 Institutional theory

Institutional theory is applied to corporations to evaluate corporate transformation when withstanding ambiguity (Fogarty and Dirsmith, 2001). Corporations need to be efficient and comply with the standards of the institutional conditions to persevere (Meyer and Rowan, 1977). Pressures in achieving legitimacy by either conforming to laws or resorting to cognitive frameworks result in isomorphism (Di Maggio and Powell, 1983). Normative, coercive and mimetic are identified by Di Maggio and Powell (1983) as the instruments that result in a change in isomorphism of the corporation. Normative isomorphism pressures demonstrate that acts executed by the corporation frequently develop uniformity when the act is culturally backed (Peng and Zhang, 2022). These could consist of education, religion, nationality and more (Di Maggio and Powell, 1983).

Di Maggio and Powell (1983) have highlighted how normative pressures can be revealed by how members of the board are selected. Board selection is based on what is considered a norm during that time and can change with the evolving culture (Ogunleye *et al*., 2015). For instance, it is a norm to have highly educated people and people with extensive professional experience on the board. Therefore, boards usually consist of people who have these characteristics (Allemand, Barbe and Brullebaut, 2014). Allemand, Barbe and Brullebaut (2014) have asserted that changing female representation on boards means ensuring that more women have board characteristics. For example, they would have to educate and put more women in the workforce to subsidise this norm and they argue that this would result in more women in board positions.

Mimetic isomorphism is one of the instruments of change identified by Di Maggio and Powell (1983). Mimetic isomorphism necessitates that corporations would likely mimic the actions of successful corporations (Masocha and Fatoki, 2018). For instance, one might say that if the most successful corporations have diverse boards of directors, then other corporations trying to progress would attempt to emulate their actions. The coercive pressures mentioned by Di Maggio and Powell (1983) commonly occur due to government intervention. Allemand, Barbe and Brullebaut (2014) have explained that laws and regulations can influence corporations and their behaviours. For instance, countries adopting diversity quotas for board composition would be more likely to experience an increase in diverse board members. An example could include Norway, which adopted a gender quota for boards and witnessed an increase in women holding 22% of board positions in 2004 to women holding 42% of board positions in 2009 (European Commission, 2011).

2.5.8 Other theories: Less used for studying boards

2.5.8.1 Pipeline theory

Research has indicated that female board members have less prominent corporate positions, hold fewer dual directorships, hold more administrative roles, and earn substantially less than male members, indicating that women are underappreciated and underused at the executive level and in corporate board roles (Zelechowski and Bilimoria, 2004). Harris *et al.* (2008) have suggested that pipeline theory could be a solution for increasing diversity and the number of women on boards. According to these researchers, in pipeline theory, the more women and minorities become managers and CEOs, the more board imbalances in the future can self-adjust. However, this concept is dismissed by various scholars, including Singh and Vinnicombe (2004), who disagree with this theory as they believe that women have been in the pipeline long enough.

2.5.8.2 Groupthink theory

A common view by many scholars is that diversity would lessen a board's tendency to engage in groupthink (e.g., Kamalnath, 2017; Rhode and Packel, 2014). Groupthink was first introduced as a theory by Janis in 1972. Janis (1972) initially described groupthink as a style of thinking that people engage in when they are part of a cohesive group and when the group members' need for harmony supersedes their incentive to consider other possibilities. Members with similarities often try to preserve harmony and apply it to every decision made (Janis, 1972). While cohesive teamwork is good for a corporation, it comes with a stipulation. Groupthink may make a team work well, but conformity may sometimes affect the soundness of decisions being made (Kızrak and Öztürk, 2023). Groupthink can be destructive if a cohesive group often fails to consider different alternative options during decision-making or fails to fully re-evaluate a course of action (Gicquello, 2022).

2.5.8.3 Critical mass theory

Critical mass theory was first introduced by Kanter (1977) and Granovetter (1978). The theory proposes that size is a major factor in group relations (Torchia *et al.*, 2011). When a sub-group reaches a particular level, or achieves a critical mass within the group, the sub-group starts to have some influence over the main group. For example, the theory puts forward that when females on the board reach a critical mass, a fundamental change can take place in group relations. The theory was first put forward in Kanter's (1977) study on female behaviour in the workplace. The study suggested that women being minorities in the workplace had little influence over their male counterparts unless they reached a critical mass. Lately, critical mass is being explored in relation to women on boards (e.g., Torchia *et al.*, 2011; Erkut *et al.* 2008). For instance, Erkut *et al.* (2008) have claimed that a critical mass of a minimum of 'three women'

must be achieved to have a fundamental influence on a board. This theory is normally used in conjunction with other theories to explain curvilinear relationships in quantitative studies (Nuber and Velte, 2021).

2.5.8.4 Social role theory

Social role theory proposes that both men and women tend to behave according to the roles given to them by society (Eagly, 2013). Researchers conclude that this phenomenon arose from the initial distribution of jobs, and it emulates biological and social cooperation among different genders, both physically and socially (Eagly and Karau, 1991). The roles are split into one of two ways for people identifying with a given gender. First, there are the descriptive traits in which people act in a way that is complacent with common gender-specific characteristics to convey their gender. Second, people can be prescriptive and display themselves in a way that would be culturally admired as a respected characteristic of their gender (Eagly, 2013). Boulouta (2013) has argued that this phenomenon can be influenced by culture or independence.

Women face significant pressure when they take on an organisational role within a corporation to continue to act within their gender role. They need to still appear caring while fulfilling their business roles (Gutek and Morasch, 1987). This quality of women can be used to explain why studies have shown that women on a board generally influence the ESG of the corporation positively (Bear, Rahman, and Post, 2010; Kabongo, Chang and Li, 2013; Harjoto, Laksmana and Robert, 2015). It would be compelling to observe if the same could be applied to other diversity measures. For example, would social role theory dictate that an older person on a board would behave in a certain way due to the cultural and societal roles given to them, or would this theory dictate that a certain race representation would contribute differently on a board?

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2.5.8.5 Signalling theory

Signalling theory argues that individuals may convey signals that are significant to others (Bear *et al.*, 2010). These signals may be conveyed intentionally or unintentionally (Connelly *et al.*, 2011). The signals tend to be conveyed through observable communication cues that are significant to others (Smith and Font, 2014; Bear *et al.*, 2010; Connelly *et al.*, 2011). The theory is useful to describe observable behaviours when the sender must choose how to communicate and how the receiver should interpret the signal (Bear *et al.*, 2010). For example, having women on a board could signal that the firm pays attention to women and gender considerations.

In many countries, board diversity has become an area of intense public and regulatory focus (Khatib *et al.*, 2021). Many research studies, books and practitioner articles have been published detailing the relationship between board diversity and corporate performance (e.g., Harjoto *et al.*, 2015; Beji *et al.*, 2021; Fernández-Temprano and Tejerina-Gaite, 2020). Various studies have found different outcomes, with some finding evidence indicating a positive relationship between board diversity and corporate performance (Harjoto *et al.*, 2015). Others have found no correlation between some characteristics (e.g., Fernández-Temprano and Tejerina-Gaite, 2020) while others find contradictory evidence (e.g., Kılıç and Kuzey, 2019). A study by Broome et al. (2008) has attempted to supplement the existing quantitative study of racial and gender diversity impacts on corporate performance by conducting semi-structured interviews with corporate directors, regulators, shareholder activists, senior executives, proxy advisers and executive recruiters (Broome et al., 2008).

Nearly every minority or female respondent acknowledged that gender, ethnicity or race was a factor of consideration for their selection on a board of a public company. To some of the respondents, this was explicitly stated as a significant factor for their selection. However, the

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study interestingly finds that the board members felt they were better qualified to be selected than male or other ethnic counterparts (Broome et al., 2008).

The study by Broome et al. (2008) has related three signalling scenarios from the existing research and from the interviews with the respondents to conclude that firms use diversity in the board as a signal that it embraces equality in employment. This signal is more relevant to employees. A firm may attempt to use diversity in its board as a signal that it considers the needs of a specific demographic group in the process of developing products and services. This signal has more relevance to the consumers. Board diversity may be employed by firms as a signal that it is looking forward or is socially responsible. This signal is of more relevance to the public, regulator, or interest groups. These strengths have made signalling theory one of the indicators as to why firms strive to achieve board diversity (Broome et al. 2008).

2.5.8.6 Faultline theory

Many researchers have used faultline theory in their research (e.g., Lau and Muringhan, 1998; Joecks *et al*., 2018). The theory maintains that, when studying a group, a researcher needs to observe more than one aspect of a group (Van Knippenberg *et al*., 2011). For example, if one is researching females on a board, there is a need to observe another aspect as well, such as education. If the board falls into two separate sub-groups in terms of gender and education, two fault lines exist from which to observe (Lau and Murnighan, 2005). This might create a stronger fault line to observe from. If the two fault lines of gender and education bisect each other, then the group could enjoy better correspondence and connections. Joecks, Pull and Scharfenkamp (2018) have asserted that two fault lines exist between the shareholder and employee reps.

However, this fault line would only exist on German boards, as most boards in the UK and UAE do not have employee representatives on the board.

Fault line theory attempts to make an argument that more than one aspect could affect a conclusion. In a study whose findings were that having women on the board increased financial performance, the study could have had more women directors with a financial background, but failed to realise it. If those studies had looked at different aspects, they could have made more specific conclusions.

2.5.8.7 Gatekeeping theory

Gatekeeping theory was used by Guldiken *et al.* (2019) as a build-up of agency theory and resource dependency theory. Agency theory argues that directors are entrusted to monitor (Sen and Cowley, 2013), and resource dependency theory views directors as connecting the company to resources (Pfeffer and Salancik, 1978). Gatekeeping theory views current directors as gatekeepers in assigning new members. Dwivedi *et al.* (2019) have referred to gatekeepers as possessing access to important roles. Gatekeeping theory assumes that having females or people who push for diversity in gatekeeping positions would result in more than one female director on the board. Guldiken *et al.*'s (2019) study supports this theory, as they found that having women on the nominating committee resulted in more women on the board. They also found that female CEOs and CEOs with attention to gender diversity contributed to having more female directors. As the chairman would generally lead the discussion on the board, the chairman can be considered a gatekeeper in allowing board members access to effectively voice their opinions. Kakabadse *et al.*'s (2015) research has found that the chairman's skill influenced whether their opinions were valued on the board.

Gatekeeping theory can explain some phenomena, but it is not developed enough to explain why younger people in the nominating committee did not yield any significant results. The research findings of Guldiken *et al.* (2019) could also be explained by pipeline theory. Harris *et al.* (2008) have argued that the more females move up in the pipeline and gain positions, such as CEO and board member, the more females are likely to be present on boards.

2.5.9 Theory review

Table 8 below provides a brief summary of the advantages and disadvantages of the board theories presented in this chapter. This section discusses why stakeholder theory, critical mass theory, agency theory, groupthink theory, signalling theory, pipeline theory, institutional theory, social role theory, upper echelon theory, behavioural organisation theory, fault line theory, bounded rationality and gatekeeping theory are not suitable for this research. It explains why RDT is the best fit for this study relating to the impact of board diversity on ESG in the UAE.

Table 8: Tabular analysis of the advantages and disadvantages of board theories

Board Theory	Advantages	Disadvantages
Stakeholder theory	• Involves all stakeholders of the company in decision-making (Mishra and Suar, 2010). • Highlights the importance of board decisions for stakeholders (Ismail, Alias and Rasdi, 2015). • Pays attention to stakeholder needs. • Enhances social responsibility within the company as the company would be accountable for its effects on stakeholders (Sen and Cowley, 2013).	• It would be unfeasible, costly and time-consuming for corporations to involve all their primary stakeholders in decision-making (Sen and Cowley, 2013). • Requires stakeholders to be compensated when affected by company decisions, but that could cause conflict with stakeholders (Stieb, 2009).
Critical mass theory	• Proposes that merely having a woman or diverse directors on the board is not enough, and that size is a	• This is used in studies that look at women on the board and not for studies that look at

	factor (Torchia *et al.*, 2011). • Argues that boards need at least three members with the same diversity characteristics to create a change (Erkut *et al.*, 2008).	other forms of diversity (Kanter, 1977). • More suitable for comparative studies.
Agency theory	• One of the most recognised theories in CG. • Argues that board members monitor and act as agents for shareholders. It is in the shareholders' interest to allocate the best makeup for the board of directors (Nalband and Alamri, 2013).	• Only protects shareholders and puts the interest of only one type of stakeholder above the others (Nalband and Alamri, 2013). • Perceives CSR to be a trade-off with company activities (Darrag and Bassiouny, 2013). • More suitable for studies looking at profitability measures rather than social measures.
Groupthink theory	• Promotes diversity by arguing that a non-diverse group would be more likely to engage in groupthink. A phenomenon in which the groups need to preserve harmony would supersede their ability to challenge and consider alternative options in decision-making (Janis, 1972).	• Mostly used as a supportive theory rather than a main theory in the existing board diversity literature. • Watson (1998) argues that it can increase conflict and increase decision-making time, which would not be suitable for time-sensitive decisions.
Signalling theory	• By having a diverse board, the firm would convey signals that it cares about diversity to its stakeholders (Bear *et al.*, 2010).	• It does not consider other impacts of board diversity and only looks at images.
Pipeline theory	• Advocates for the progression of minorities and women to leadership positions and argues that it will cause future board imbalances to even out (Harris *et al.*, 2008).	• Researchers believe this theory is invalid as women have been in the pipeline for long enough (Singh and Vinnicombe, 2004).
Institutional theory	• Identifies three instruments of change in isomorphism of an organisation, which are coercive, normative and mimetic (Di Maggio and Powell, 1983). • Tackles culture, imitation, regulation and quotas (Ogunleye *et al.*, 2015; Allemand, Barbe and Brullebaut, 2014).	• Would be more suitable for studying the impact of big players embracing diverse boards, impact of quotas and impact of culture on board diversity (Allemand, Barbe and Brullebaut, 2014). • Looks only at the macro level (Di Maggio and Powell,

		1983).
Social role theory	• Argues that people tend to behave according to the social roles given to them by society for their gender, age, nationality, etc. (Boulouta, 2013).	• Looks only at individual behaviours and not at the cumulative impact of diversity (Eagly and Karau, 1991).
Upper echelon theory	• Argues that the cognitive characteristics of the executive team influence how they develop and implement organisational strategies (Colbert *et al*., 2014; Dubey et al., 2017). • Focuses on upper management (Hambrick, 2007; Dubey et al., 2017; Carpenter *et al*., 2004).	• Focuses only on top management rather than other stakeholders (Carpenter *et al*., 2004). • More suitable for researchers looking at cognitive characteristics and behaviours of board members rather than studying their impact (Dubey et al., 2017).
Behavioural organisation theory	• Recognises that the board does more than resolving issues related to conflicts of interest (Torchia *et al*., 2018).	• Focuses more on the effect the firm has on the board rather than the board on various performance measures (Van Ees *et al*., 2009).
Faultline theory	• Argues the need to look at several characteristics while studying the board of directors (Joecks, Pull and Scharfenkamp, 2018).	• A new theory that needs to be refined and is more suitable for quantitative researchers looking at correlation.
Bounded rationality	• Looks at how boards can enhance their decision-making (Augier, 2004).	• Focuses mainly on processes and how to simplify them to help the board and not on the impacts of the board (Greve, 2003).
Gatekeeping theory	• Views current directors as gatekeepers for assigning new members. Advocates having women or people possessing other diversity characteristics on the board as gatekeepers invite more diversity (Guldiken *et al*., 2019).	• Only looks at how to create a more diverse board and does not look at other aspects of board diversity (Guldiken *et al.*, 2019).
Resource dependence theory	• A diverse board can bring a diverse range of resources (Pfeffer, 1972). • Involves a wide range of diversity characteristics, such as age, gender, nationality, work, background. • Empirical studies verify this theory is more effective at understanding boards (Hillman *et al*., 2009). • Directors are resources for the	• The theory can be quite broad as it not only covers the board but looks at mergers and acquisitions, organisation behaviour, joint ventures and alliances with other companies (Pfeffer and Salancik, 1978). However, this can be rectified by solely examining RDT from the board's perspective.

	company through information sources (counsel and advice), create legitimacy, link the firm to environmental contingencies and privileged resource access (Pfeffer and Salancik, 1978). • The board's composition is correlated with the firm's need for resources (Arnegger *et al.*, 2014).	

Abbreviations: RDT = resource dependence theory

After analysing the various theories presented on board diversity, CG, and ESG in the literature, it is clear that one theory holds more validity for the study of the impact of board diversity on ESG in the UAE. Edward Freeman's (1984) stakeholder theory is agreeable but fails to justify board diversity (Claydon, 2011). The theory merely provides an argument for the importance of attending to the stakeholders' needs as a board of directors. Critical mass theory (Kanter, 1977) would be effective for researchers analysing the impact of having more than one diverse director. This is more useful for studies that look at the impact of having more than one woman on the board, which is not what this research entails. Agency theory, coined in 1970 by Friedman, is a solid CG theory and is used in many studies relating to the board of directors (Darrag and E-Bassiouny, 2013). However, the theory simply argues why corporations must have a board of directors to monitor managers, but does not delve into the impact of diversity and does not provide an argument for it. Signalling theory is suitable for researchers studying company image but is not appropriate for the research question of the impact of board diversity on ESG in the UAE.

Group think, behavioural organisation theory, upper echelon theory and social role theory are more suitable for researchers interested in the relationship between the executive and describing behaviours, but they do not go beyond and give a full picture of how the board

impacts external measures. Institutional theory and pipeline theory attempt to create a solution for board diversity rather than describing the current situation. Faultline theory and gatekeeping theory are promising new theories in the field of board diversity but are incomplete.

2.5.9.1 Theory fit

RDT is more suitable for studying the impact of board diversity on ESG in the UAE. It provides a rationale for having a diverse board to provide a diverse range of resources for the company. It has also been verified by recent empirical studies as being more effective at understanding boards (Hillman *et al*., 2009). The theory makes room for various diversity characteristics, such as age, gender and occupational background, and this study uses a wide range of diversity characteristics. Arreneger *et al.* (2013) have found there is a correlation between board composition and the resource needs of a company.

Given its emphasis on board resources and their potential utilisation in attaining ESG objectives, this research is grounded in the principles of RDT. This theoretical perspective has emerged as the most frequently referenced concept in board diversity literature. The prominence of RDT can be attributed to its assertion that a board member's obligations involve providing specific resources to the organisation (Hillman *et al*., 2000; Pfeffer and Salancik, 1978). These resources may encompass advice and counsel, networking opportunities, market access, legitimacy and expertise (Pfeffer and Salancik, 1978).

RDT posits that the primary function of a board of directors is to furnish the organisation with resources. It suggests that diverse board members, by virtue of their varied experiences and skill sets, are better equipped to contribute a broader range of resources. Pfeffer (1972) has contended that the composition of the board should align with the organisation's resource needs,

enabling the board of directors to meet the company's resource demands. For example, a diverse board of directors can facilitate more efficient resource utilisation within the organisation.

The fundamental assumption underpinning this theory is that an organisation's success is intimately linked to the opportunities it has for procuring the necessary resources (Ahmad *et al*., 2018). In accordance with RDT, a diverse board can offer supplementary resources in terms of expertise, experience, guidance, counsel and access to markets (Enache and García-Meca, 2019; Fakir and Jusoh, 2020; Gardazi *et al*., 2020).

2.6 Board diversity and its impact on environmental, social and governance outcomes

2.6.1 The impact of diverse board characteristics

Several studies have been explored in this section, which aims to find a relationship between ESG and board diversity. Diversity on the board level can be split into two categories. The first category is surface-level diversity, which contains observable qualities, such as age and gender (Calabrò *et al*., 2015). The second category is deep-level diversity, which consists of non-observable qualities, such as occupational background, ethnicity, race, board tenure and board independence (Calabrò *et al*., 2015). Both categories of diversity are explored in this section.

2.6.1.1 Board independence

Independent board members are directors who have no connection to the corporation besides being a board member (Klein, 2002). Several studies have tried to find a relationship between board independence and ESG, and most of the studies relating to the two tend to find a positive relationship. A study conducted by Cerbioni and Parbonetti (2007) has demonstrated that having more independent directors on the board increases the level of voluntary disclosure. Another study conducted by Jizi *et al.* (2014) has found a positive link between board independence and ESG reporting. A meta-analysis conducted by Velte (2019) has found a positive relationship

between board independence and ESG reporting. Sahin *et al.* (2011), Huang (2010) and Dunn and Sainty (2009) have all found a positive relationship between ESG performance and board independence.

Some studies have failed to discover a link between board independence and effective ESG practices, such as Wang and Dewhirst (1992) and Mckendall *et al.* (1999). Other studies by Haniffa and Cooke (2005), Sundarasen *et al.* (2016) and Prado-Lorenzo *et al.* (2012) have found a negative relationship between board independence and CSR. These differences in findings could be attributed to an array of factors, such as different CG codes used around the world, different economic climates, different research methods and different epochs.

Using empirical analysis, Ding, Zhang and Zhu (2013) have explored the effect of board composition on CSR after the Sarbanes Oxley Act. (This act ratified auditing procedures in corporations.) These researchers have examined gender composition and the role of outside directors using legitimacy theory. They argue that to prove their moral legitimacy to stockholders, these directors must perform sufficiently in CSR. The approach taken by Velte (2019) has highlighted the argument that legitimacy would lower instances of dissatisfactory reporting due to negative incentives. Ding, Zhang and Zhu's (2013) research has shown that having sufficient outside board members and women on the board had a positive effect on the corporation's ESG outcomes. However, that study only focused on two aspects of board composition, and they did not consider other aspects, such as age, occupational background and nationality, which could have influenced the positive ESG outcome.

Another study conducted by Chang *et al.* (2017) has found a curvilinear relationship between CSR and board independence with exponential growth. They speculate that this is due to coercive isomorphism. In institutional theory, coercive isomorphism is caused by government

regulation (Kim, 2007). These researchers assert that a benefit might only be seen if outside directors are employed at a rate beyond the government regulation and where outside directors would feel legitimised to make decisions. This study is appealing as it studies board independence outside a Western context where culture plays a large role in business interactions.

2.6.1.2 Board tenure

Studies linking board tenure and ESG are inconclusive or show no effect. Long-tenured board members may have more of a connection with the management of the company and would avoid disputes, while short-tenured board members may be too shy to speak up (Kruger, 2009). Diversity in board member tenure timeframes has been shown to have a positive impact on ESG disclosure (Katmon *et al*., 2019). A study by Kruger (2009) has examined the dynamics of longer-tenured board members and found that they exhibit a lower rate of negative social outcomes. Kruger (2009) has determined that abandoning ESG issues is seen as too risky by longer-tenured board members, so they would tend not to ignore these issues. Another study by Harjoto *et al.* (2015) has found that board tenure reduces ESG concerns for a company. A negative impact of board tenure on ESG reporting quality after a particular time frame (ten years) is demonstrated experimentally in a study by Rao and Tilt (2016b), which employed analysis of reports from Australian firms.

2.6.1.3 Age

The issue of age diversity and ESG has yet to be thoroughly examined. There is a lack of compelling arguments on this matter in the existing literature. However, one study by Yaseen *et al.* (2019) has investigated the link between social responsibility performance and board diversity. They discovered that age diversity on the board was positively associated with better social responsibility performance. Another study by Liu and Zeng (2017) had a very different

outcome. They found that age diversity had a negative impact on effective ESG practices. They believe that this is due to conflicting opinions that people of different ages possess. This reasoning goes against the heterogeneity theory, which posits that conflicts due to diversity would result in better problem-solving and better solutions (Watson *et al*., 1998). A study conducted by Harjoto *et al.* (2015) has found that age diversity had a negative relationship with ESG strength and ESG concerns. However, the study group's age diversity range was not large, with the youngest being 40 and below, which might not reflect today's trends. Another study by Feng, Grog and Wang (2020) has found that age diversity, leverage and profitability had negative relationships with total ESG.

Feng, Grog and Wang (2020) have argued that both young and older board members are beneficial for a corporation. They assert that younger members contribute with readiness and attentiveness, where older members contribute with experience. Researchers have found that both young and older members focus on ESG, but with an emphasis on different aspects. Hafsi and Turgut (2013) have proposed that older directors focus on welfare while younger directors focus on ethical issues and the environment. However, the mixed results in studies show that age diversity does not always yield positive results. Feng, Grog and Wang (2020) have indicated that this may be the result of how age diversity is measured in research. Harrison and Klein (2007) define diversity in three categories: variety, separation and disparity. Feng, Grog and Wang (2020) have made an interesting observation that studies measuring age diversity by variety yielded better results than studies measuring age diversity by separation, as separation is related to conflict.

2.6.1.4 Nationality

National diversity is a relatively understudied area of board diversity. This could be due to the difficulty of attributing a difference in nationalities to certain characteristics. However, following Watson *et al.*'s (1998) heterogeneity theory, national diversity is considered a difference and could encourage better problem-solving. RDT argues that diversity could bring more diverse resources to the firm (Ahmad *et al.*, 2018).

A few studies have looked at the relationship between national diversity and ESG and they have found some positive relationships. A study by Abu Qa'dan and Suwaidan (2019) has found that foreign diversity on a board results in a substantial positive relationship with ESG disclosures. A study by Khan, Khan and Saeed (2019) has concluded that nationality has a significant positive effect on ESG disclosure. Naciti (2019) has discovered that nationality has a positive impact on a firm's sustainability performance.

A study conducted by Harjoto, Laksmana and Young (2019) used the upper-echelon theory to hypothesise that the demographics of board members would impact the performance of the company and influence the strategy of the corporation. The researchers measured nationality not only by citizenship but also by using diversity indexes, which is not a common approach to measuring diversity in nationality. The researchers discovered a positive relationship between board national diversity and corporate social performance.

2.6.1.5 Ethnicity and race

Race and ethnicity are considered observable or surface-level diversity characteristics (Calabrò *et al.*, 2015). Many studies are looking at ethnicity and race in a board setting. In relation to the impact of board diversity in terms of race on ESG practices, Harjoto *et al.* (2015) have observed that racial diversity on boards reduces instances of ESG concerns for a corporation but has no

effect on ESG strengths. Macaulay *et al.* (2018) have asserted that the more ethnic diversity a board has, the better the company's performance on social initiatives. Thanetsunthorn and Wuthisatain (2018) have examined cultural diversity and developed a model for analysing the impacts of cultural diversity in a corporation on ESG. These researchers have found a relationship between ESG and cultural diversity.

Research on ethnic minorities on boards has yielded positive results in relation to some ESG elements. For example, Wang and Coffey (1992, 1998) have found that having more ethnic minorities on the board is associated with more philanthropic giving. Haniffa and Cooke (2005) have uncovered a positive relationship between CSR disclosure and board members' ethnic backgrounds. Other studies have not yielded such positive results for the impact of ethnic diversity on boards and ESG. Azam, Khalid and Zia (2019) have found a negative relationship between ethnic diversity on a board and ESG. However, their paper measures ethnic diversity as the number of foreign directors/total directors x 100, which likely points to a measure of nationality rather than ethnicity and does nothing to show there is a diversity of nationalities. For example, all the foreign directors might come from the same foreign country.

2.6.1.6 Education

Various papers have investigated the impacts of educational diversity on ESG. The results obtained by researchers point towards a positive relationship between educational diversity and ESG. In the US, Siciliano (1996), Williams (2003), Webb (2004) and Post *et al.* (2011) all found a positive relationship between CSR and board educational diversity.

Some researchers have attributed educational diversity success to culture. Chang *et al.* (2017) have argued that whether educational diversity has an impact on effective ESG practices is the consequence of the culture of the country where the board operates. These researchers

assert that educational diversity makes more of a difference in individualistically centred countries, such as the US, since individualism favours diversity and uniqueness. While collectivistic countries find it important to preserve harmony, which may cause diverse board members not to share differing opinions (Chang *et al.* 2017).

In their study conducted in Korea, Chang *et al.* (2017) observed a different relationship than most researchers around the world. These researchers classified the educational backgrounds of the board members into four categories: business and economics, social science, natural science and engineering and applied science. Chang *et al.* (2017) have discovered a convex relationship in which the impact of board education diversity is negative for a while but comes to a juncture and shifts to a positive. The researchers assert that this is due to critical mass theory, when there is a critical mass of diverse educational board members and the board is largely heterogeneous rather than homogenous, then the effects of collectivistic culture are diminished and directors are able to share their opinions.

Harjoto, Laksmana and Young (2019) have used a different approach to assessing the impact of educational diversity on a board and its corporate social performance. The researchers measured educational diversity by looking at the countries where the directors received their degrees. Harjoto, Laksmana and Young (2019) have measured the extent to which corporations are dedicated to their stakeholders' interests using the KLD CSP index. They have found a positive relationship between educational diversity and ESG. Another study by Azam, Khalid and Zia (2019) has concluded that there is a positive relationship between educational and gender diversity on a board coupled with a high level of Shariah compliance and CSR. This study is particularly alluring for analysing the impact of board diversity in firms that have Shariah products in the UAE, such as Islamic banks, as these firms must be Shariah compliant.

2.6.1.7 Occupational background

Several studies have found that a greater diversity of occupational backgrounds at the board level results in increased philanthropy and corporate fundraising. Harjoto *et al.* (2015) conducted research with 1,489 US firms and found that diversity in expertise reduced ESG concerns. Yaseen *et al.* (2019) have studied expertise diversity and split their participants into five groups consisting of consulting, management, financial, legal and others. Their study has revealed a positive relationship between diversity in expertise and ESG.

Research conducted by Shaukat, Qui and Trojanowski (2016) has found that boards consisting of members with financial backgrounds in the audit committee and corporations possessing ESG-oriented boards (meaning they possess more independent directors, directors with financial proficiency and female directors) were more inclined to have a dedicated and inclusive ESG plan for the board. These corporations are likely to perform better environmentally and socially. Their conclusions are parallel to RDT, which proposes a connection between the board of directors and the resources available to the corporation. The researchers concluded that ESG-oriented boards contribute to positive CSR practices. Kanadli, Zhang and Kakabadse (2020) have determined a positive link between diversity in occupational background on the board and the board's accomplishment of strategic tasks. This could be interpreted as including ESG as a board strategic task.

2.6.1.8 Gender

Many papers have explored a relationship between board gender composition and ESG. The majority of studies conducted in developed countries have revealed a positive relationship between the board gender composition (Harjoto *et al.*, 2015) and ESG. Many of the studies conducted in developing countries have found no significant relationship between the two (Issa

and Fang, 2019; Ahmad *et al*., 2018). There could be a few reasons for these occurrences, such as critical mass theory and pipeline theory.

When investigating the impact of board gender diversity on CSR reporting in the Arab Gulf, Issa and Fang (2019) have concluded that there is a statistically substantial link concerning the number of female directors and the degree of CSR reporting in Kuwait and Bahrain. A positive relationship is significant between CSR disclosure and the number of female directors on a board in the two countries. The diversity of the board had a positive correlation with the extent of CSR reporting. However, there was no significant positive relationship found between the number of women on boards and CSR reporting in the UAE, Qatar and Saudi Arabia. This could be attributed to the lower number of female directors in those countries. Issa and Fang have used critical mass theory to explain this occurrence. Issa and Fang (2019) have explained that a critical mass of women would be needed to demonstrate the difference. For example, one woman on a board would not be enough to tell if having women on the board would have any effect on CSR reporting. Overall, this study does not delve deep into this research question. However, the literature attempts to fill a research gap that has not been examined previously in relation to the Arab Gulf.

Harjoto *et al.* (2015) have found that gender diversity on a board increases CSR strengths and reduces CSR concerns. The value of a firm increases if the firm adapts CSR practices and these CSR policies are a means by which the corporate executives and the board members get to advance the organisation's philanthropic standing. To attain effectiveness in CSR, the incorporation of a good number of women on the board is positively correlated with success in CSR policies and initiatives, since women are a major driving factor of CSR in corporations. With women as members of the board, this diversity based on gender is more favourable to

innovation and problem-solving and such corporations with advanced gender-diverse boards excel in various aspects (Harjoto *et al.*, 2015).

A study by Ahmad *et al.* (2018) investigating a relationship between corporate board gender diversity and CSR in Malaysia found that board diversity in relation to gender diversity does not have a statistically significant relationship with CSR reporting within the firm. However, Ahmad *et al.* (2018) did not reveal how many women were on each of the boards reviewed so the argument of critical mass could apply to boards that have only one female representative.

Chang *et al.* (2013) have studied the impact of gender diversity on corporate philanthropy and discovered that a significant presence of women on a board influences more corporate giving. The word 'significant' indicates that the authors considered critical mass theory and studied firms that had more than one woman on the board. A 2010 study conducted by Bear *et al.* in the US revealed that having several women on the board has a positive relationship with the strength ratings for ESG. Bear's research has also revealed that, as the number of women on the boards increased, the company's ESG activities increased proportionately.

One study has investigated the performance of Dutch firms with women on their boards and compared them with Dutch firms that do not have women on their boards. This research has shown that companies with women on their boards performed better than those that did not have women board members (Lückerath-Rovers, 2013). However, one school of thought posits that more women on the board may just be a consequence of having an innovative, current and transparent enterprise in which all functions of the firm perform well (Singh and Vinnicombe 2004). This article was unsuccessful in distinguishing whether the high performance was due to having more women on the board or having more women on the board was a consequence of

being a high-performing firm. The study was conducted in the Netherlands, which follows a two-tier board model consisting of the supervisory board and executive board (Lückerath-Rovers, 2013). This type of board model is not common internationally.

Boulouta (2013) used social role theory as a basis for research on whether having more women on a board would contribute positively to CSR practices and negatively to negative social outcomes. They argue that the gender role placed upon women where they must be 'caring' would contribute to them behaving more sensitively towards CSR and social issues. The study found that boards that were more gender diverse had a considerable effect on negative social practices. Therefore, Boulouta (2013) argues that women would contribute more to preventing negative consequences as opposed to positive ones. Boulouta asserts that negative consequences would appear more immoral to women board members compared to positive outcomes and would provoke their caring role with greater intensity.

A study conducted by Cabeza-Garcia, Fernández-Gago and Nieto (2017) has considered whether female directors, outside directors and independent directors impact on ESG reporting. Using regression analysis, the researchers discovered that more women on a board result in a higher proportion of social disclosure, particularly when there are more than three women on the board. This finding is consistent with critical mass theory, which states that there needs to be a critical mass of more than two women on a board to achieve an effect. The researchers assert that having women sitting on a board would likely result in having directors with diverse backgrounds, having higher degrees (Ruigrok *et al.,* 2007), or arousing creative dialogue (Huse *et al.,* 2009).

Cabeza-Garcia, Fernández-Gago and Nieto (2017) have found that independent and outside directors possess some traits that may be ascribed to women to display how women on

boards impact ESG reporting. Their study of the impact of female outside directors on ESG reporting yielded positive results. However, they state that there was also a critical mass of women making up the outside directors. They achieved similar results when studying the impact of female independent directors on the board, but there was no critical mass of women making up the independent directors. This study is advantageous in highlighting the effect of having a certain typology of female directors on the board, but the researchers failed to differentiate between non-executive controlling outside directors and non-controlling directors.

An element of ESG is attributed to the duty of protecting the environment and minimising the impact corporations have on the environment. Therefore, it is important to review studies that cover that portion of ESG. A suitable example of a paper that covers environmental elements is by Atif *et al.* (2020) who have studied the impact of gender composition on a board on the use of renewable energy. Using ordinary least square regression, Atif *et al.* (2020) have found that enlarging the proportion of women on a board by 1% increases the amount of renewable energy use by 1.03–1.58%. This makes it apparent that the presence of women on a board significantly and positively impacts on renewable energy consumption. To test if these findings are consistent with critical mass theory, Atif *et al.* (2020) undertook another study. The researchers found that, when there was one woman on the board, the impact on renewable energy was only slightly positive. However, when the board consisted of two or more women, the impact on the utilisation of renewable energy sources was significant. Therefore, this study conforms to critical mass theory.

Atif *et al.* (2020) went on to test whether the impact on renewable energy consumption can be attributed to independent or executive female directors. Their research findings show that although executive female directors had an overall positive impact on the utilisation of

renewable energy sources, it was not as substantial as the impact independent female directors had on the consumption of renewable energy within an organisation. Therefore, this study has found that having two or more female directors, particularly female independent directors, would positively impact the quantity of renewable energy used by a corporation.

This research does a good job of covering the infrequently addressed topic of the impact of women on the board on specific environmental outcomes. However, this research would benefit from looking at more aspects of board diversity, such as age, nationality, educational background and work background. The authors could have also benefited from a qualitative approach that could dig deeper with interviews and prove that having more women on a board has an impact on the amount of renewable energy used and that it was not simply coincidental.

2.6.2 Board diversity in the United Arab Emirates

Sheikh Mohammed bin Rashid al Maktoum, vice president and Prime Minister of the UAE and ruler of Dubai, has established the UAE Gender Balance Council. This initiative aims to reduce the gender gap in all government sectors. A large part of this initiative is concentrated on increasing female representation on boards in the UAE. Achieving gender balance is one of the UAE's 2030 SDGs. The SCA now requires PJSCs listed in the financial markets to have women hold at least 20% of board positions (UAE Gender Balance Council, 2019). Boards that fail to meet the 20% gender requirement must disclose the reason in their annual governance report and the companies are required to present the percentage of female directors on their board in the annual report (Choueiri and Macharia, 2019). As a result of these initiatives, there has been an increase in the number of women holding board positions in the UAE from only 1.2% of the seats being held by women in 2008 to women occupying 18% of the seats in 2018 (UAE Gender Balance Council, 2019).

2.7 Research gaps

There are many studies on gender diversity on boards (Atif *et al*., 2020; Bear *et al*., 2010; Harjoto *et al*., 2015). Most of this research has focused on quantitative methods. Very little research has focused on board diversity with qualitative methods. The available literature pertaining to the Middle East and its relationship with the topic under consideration is limited. Issa and Fang's (2019) research focuses on board gender diversity in the Arab Gulf states. Their study claims to cover a relatively unsearched area, but they acknowledge there is still more to be researched. Their study did not examine the degree of gender diversity and failed to discriminate between boards that have one female director and boards that have more than one female director (Issa and Fang, 2019). Their study is quantitative and does not discover the root causes of directors' perspectives, which could provide significant insight into diversity beliefs in the Arab Gulf states. Ahmad *et al*., (2018) have studied gender diversity and responsibility reporting in Malaysia. This study suggests that future studies should incorporate different board diversity attributes, such as ethnicity, industry experience and board experiences. Rao and Tilt (2016a) have examined board composition, social responsibility and the role of diversity, gender, strategy and decision-making in ESG. The study recommends that future studies should look at board composition, diversity and ESG, using more qualitative research methods and longitudinal studies to have a more developed understanding of these relationships and processes (Roa and Tilt, 2016). Previous studies have found a link between board diversity and ESG using quantitative methods (Atif *et al*., 2020; Bear *et al*., 2010; Harjoto *et al*., 2015), however, the presence of a correlation between two variables does not necessarily imply a causal relationship between them, as other factors or variables could influence the observed association. A qualitative study that provides an in-depth exploration of the experiences, beliefs and perceptions

of board members themselves can reveal valuable insights and perspectives that may be missed by quantitative approaches. Such a study can provide context and depth to quantitative findings, contributing to a more comprehensive understanding of the relationships. No studies have been found that exclusively cover the Emirates. Based on the findings above, there is a need to study the impact of board diversity on ESG in the UAE using qualitative research methods, as this type of research has never been conducted and would fill a research gap. Thus, the research question is,

How does the diversity of a board influence ESG objectives of firms in the UAE?

2.8 Chapter summary

A literature review on the impact of board diversity on ESG has been conducted. This chapter has aspired to expound on the current theories regarding board diversity and ESG and to generate comparisons between them. An analysis of the existing literature has found clear relationships between various types of board diversity and ESG, particularly pertaining to the women on boards. The synthesis of the existing literature has helped to identify a gap that relates to a need for more qualitative-based literature on the topic. It is well-known that correlation does not prove causation. Therefore, the relationships found in quantitative literature can be analysed further using qualitative-based research to affirm the relationships between various types of diversity and ESG.

Chapter 3

METHODOLOGY

3.1 Introduction

In recent years, an increased emphasis on boardroom diversity has provoked numerous research studies on organisational diversity and its benefits (Fernández-Temprano and Tejerina-Gaite, 2020; Ahmad *et al.*, 2018). Effective CG practices have been an important topic, owing to several failures by corporations (e.g., Thomas Cook, Nissan, Volkswagen, Boeing), which have fuelled widespread dissatisfaction with how firms do business (Bosselmann *et al.*, 2008). It is irrefutable that an effective board of directors is vital for any corporate organisation. For a firm to be successful, its leaders must draw on many perspectives, experiences and backgrounds (Hersh, 2017). Having a board with members from diverse backgrounds is an effective way to achieve this. Consequently, copious research has been conducted into the impact of a diverse board of directors on various CG practices. However, few studies have examined these trends in the Middle East, especially in terms of qualitative research and less so from a qualitative perspective. Issa and Fang's (2019) quantitative research highlighting the effect of board gender diversity in the Arab Gulf states has produced mostly inconclusive results. There is an opportunity for a qualitative study to dig deeper and provide meaningful insights into boardroom diversity in the UAE.

3.2 Research questions

The previous chapter's literature review indicated a research opportunity requiring the investigation of the influence of board diversity on ESG in the UAE. The central question addressed by this study is, therefore:

How does the diversity of a board influence ESG objectives of firms in the UAE?

To examine this central issue, the following sub-questions were devised:

- What are the perceptions and experiences of board members regarding the relevance of board diversity in the successful implementation and achievement of ESG objectives?

- What unique insights, resources, and perspectives do interviewees believe diverse board members contribute to the context of ESG goals?

- Which diversity characteristics (e.g., gender, ethnicity, age, professional background, etc.) are perceived as most influential in contributing to the achievement of ESG objectives according to interview participants, and why?

- How do interviewees perceive the interplay between the unique contextual factors in the UAE and the contribution of diverse boards in working towards and attaining ESG objectives within this specific context?

3.3 Theoretical and conceptual position

Although various papers have discussed the effect of diversity on boards of directors, these studies use differing definitions of diversity (Harrison and Klein, 2007; Khan *et al.*, 2019; Harjoto *et al.*, 2015, etc.). This study defines board diversity as differences in gender, age, nationality, ethnicity, educational background, educational level, functional background, tenure and board independence. The definition includes both surface-level and deep-level characteristics (Torchia *et al.*, 2015; Phillips *et al.*, 2006; Harrison *et al.*, 2002; Harrison *et al.*, 1998) making it more effective than previous studies that have only measured surface-level characteristics (e.g., Nadeem *et al.*, 2020; Tingbani *et al.*, 2020; Cordeiro *et al.*, 2020). The characteristics chosen are numerous, but many have been studied in different contexts, making them viable for comparison.

The dominant theory in diversity-related CG studies is RDT. However, researchers have also applied agency theory to this topic. Since its development by Pfeffer and Salancik in 1978, RDT has played a dominant role in most CG theories related to diversity. A key argument in this theory is that the board of directors has a fundamental function in linking the company with its resources, and diversity within the board thus generates diversity in the resources available to the company (Hillman *et al.*, 2000; Pfeffer, 1972; Pfeffer and Salancik, 1978). In contrast to other assertions on this topic, RDT is the only theory to focus on resource independence as a key factor, as it believes that resource autonomy would reduce the power of other organisations (such as suppliers) over the company, hence giving the latter more power (Pfeffer, 1987). RDT is used less often than agency theory when researching boards, but empirical evidence suggests that it is more effective at understanding boards (Hillman *et al.*, 2009).

Resource dependency theory is a better fit for this study. The theory argues that a diverse board would bring about a diverse range of resources (Hillman *et al.*, 2000) and would therefore be applicable to examine various forms of diversity (age, gender, race, etc.). In addition, recent empirical studies have verified that RDT is more effective at understanding boards (Hillman *et al.*, 2009). These arguments indicate that RDT would better analyse how a diverse board would impact CSR in the UAE.

3.4 Research philosophy

This research utilises a qualitative approach to research, which involves the collection and utilisation of directors' perspectives on the influence of board diversity on ESG objectives. The onion chart presented in Figure 2 below represents the research philosophy by arranging the components in nested layers. The ontology of constructivism is at its core. It is encircled by the epistemological position of interpretivism. Further surrounding it is the strategy of inductive

reasoning. The next layer represents the methodological choice of a mono-method qualitative approach. Finally, the outermost layer represents the approach for conducting interviews. Each layer is interconnected, highlighting the hierarchical and interdependent structure of the research components.

Approach: Interviews

Methodological Choice: Mono-method Qualitative

Strategy: Inductive

Epistemology: Interpretivism

Ontology: Constructivism
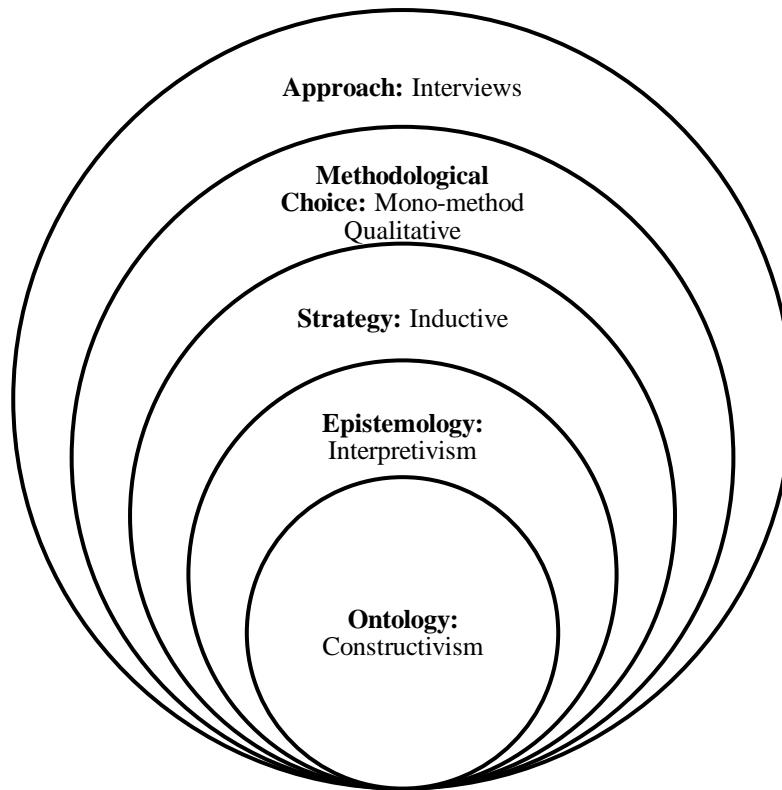
Figure 2: Breakdown of research philosophy

The study applies an interpretivist epistemological position and takes a constructivist ontological approach. This section covers the philosophical approach employed in this study. First, the ontological approach is discussed, followed by the epistemological approach, the research approach, the methodological approach and the strategy of the study.

3.4.1 Ontology

This study uses a constructivist ontological approach. Ontology, a branch of metaphysics, is the study of being and reality, and various ontological approaches are possible, including

objectivism and interpretivism (Schwartz and Esbjörn-Hargens, 2019). Ontology is defined by Crotty (1998) as the analysis of existence and the investigation of what is. While Snape (2003) interpret ontology as an attempt to understand information in relation to the world.

Ontology covers the disposition of phenomena and describes and hypotheses what exists, the relationships between them and the circumstances between them (Blaikie, 2009). Blaikie (2009) has claimed that ontological concepts are a spectrum of assumptions consisting of depth realism, cautious realism, shallow realism, subtle realism, conceptual realism and idealism related to the principal concepts of realism and idealism (Blaikie, 2009). The idealism assumption entails that existence is not without mutual understanding, while the realism assumption entails that existence is independent of beings (Blaikie, 2009).

Snape (2003) have claimed there are three branches of ontology: realism, idealism, and a variation of realism known as materialism. Realism maintains that extrinsic existence is unaffected by people's assumptions and what people may comprehend to be the meaning. Idealism claims that the existence of a phenomenon may only be comprehended by human inference and concepts generated by beings. The variation of realism known as materialism suggests that only material items and physical existence are treated as real. Additional experience, such as experience, views, faith and principles are regarded as consequences of material items and physical existence but do not build it.

Researchers can use ontology to categorise research questions as either subjective or objective. Objectivism, as an ontological approach, holds that researchers and their studies ought to be separate (Saunders et al., 2015). By contrast, interpretivism assumes that because inquirers must interpret components of their study, they cannot produce objective results (Bahari, 2010). Based on the constructivist approach, interpretivism posits that reality is a subjective construct of

the human mind (Andrew *et al*., 2011). Constructivism claims that understanding a phenomenon comes down to factors such as the language of participants and entails that social research must be conducted from the 'inside' and phenomena cannot be understood using theory and concepts (Blaikie, 2009). To apply this approach, a researcher asks open-ended questions, studies the environment and the context of the participants and then interprets the evidence (Andrew *et al*., 2011). The position of constructivism is useful for this type of research as it regards existence as a fundamentally human construct, allowing researchers to study the human impacts on various outcomes. This social research must accommodate the complex and contextual factors associated with a relatively obscure topic in the UAE, and thus, a constructivist approach is ideal.

3.4.2 Epistemology

The definitions of ontology and epistemology are intertwined. While ontology looks at existing social phenomena, epistemology examines how phenomena can be collected (Blaikie, 2009). Epistemology is the study of the production, nature and scope of knowledge. It also examines how knowledge relates to one's justifications and beliefs (James and Busher, 2009). Snape (2003) refer to epistemology as the method by which researchers opt to collect information in relation to the world. Epistemology plays a significant role in every researcher's approach. This branch of philosophy analyses relationships that exist with other similar notions (Cropley, 2015). Interpretivism is the ideal epistemological approach for this study, which aims to shed light on the subjective views of participants.

Epistemological approaches, such as interpretivism and positivism, examine the creation of knowledge (Saunders et al., 2015). Interpretivism was first created to solidify social research. Research that was previously regarded as subjective could be made verifiable and objective (Blaikie, 2009). The interpretivist approach allows the creation of models to describe

phenomena, and hypotheses can be created that can be tested (Blaikie, 2009). The positivist assumption revolves around the acquisition of evidence and detachment when acquiring information. Positivism entails certainty and facts, meaning that the researcher should remain independent from the research (Snape, 2003).

A positivist epistemology assumes that all legitimate claims of knowledge must be based only on facts that can be verified using the scientific method (Broadway-Horner, 2018). However, the interpretivist approach holds that, because the researcher interprets the data, the researcher is part of the study and cannot be separated from it (Saunders et al., 2015). Some social science researchers criticise objectivism, which is rooted in positivism, and the application of positivism to natural sciences. These commentators argue that the means used by researchers to study natural sciences cannot be applied accurately and effectively to the social sciences as they differ in their definition of existence (James and Busher, 2009). For instance, studying nature calls for objectivity and fact finding while evaluating social realities would require some form of interpretation of value, adding further to the suitability of interpretivism. In some qualitative studies, researchers have called for social inquiry that assists in understanding the subjective dimensions of the participants (Bahari, 2010).

Axiology, also known as value theory, tackles inquiries associated with what is assessed to be favourable or 'good' towards humanity (Biedenbach and Jacobsson, 2016). Researchers detail three values of axiology: intrinsic, extrinsic and systemic. Intrinsic entails inherently good values of a body isolated from any membership of a unit. For instance, nature encompasses intrinsic worth. Comparatively, extrinsic value is based on capability within the context of a group. As an illustration, the impact of board diversity on ESG attempts to discover the extrinsic value of a diverse board of directors on an intrinsic value (ESG). This does not entail that diverse

board members individually do not possess intrinsic value. Rather, it relates to the functioning of these diverse board members in a group context (on the board) and their contributions to ESG. Systemic value relates to two discrete positions either being valuable or not (Biedenbach and Jacobsson, 2016). This could be discerned as the results of a study. For instance, diverse board members impact ESG positively or not.

Researchers have characterised ontological and epistemological approaches differently, as the nature of philosophy causes it to have various interpretations by all those who encounter it. This study benefits from an interpretivist epistemological approach, as it is the only method able to objectify social research, allowing this qualitative-based study to be verifiable. This approach enabled the creation of models that could form hypotheses (Blaikie, 2009).

3.4.3 Research approach

This study adopted an inductive approach to researching the impact of board diversity in ESG practices in the UAE. The two most common approaches to research inquiry include deductive and inductive research. However, Blaikie (2009) identifies four methods of answering research questions: inductive, deductive, retro deductive and abductive. The inductive approach to qualitative research involves exploring and searching for patterns from observations and developing theories (Goddard and Melville, 2004). An inquirer applying an inductive approach begins with observations and develops generalisations and theories as an outcome of the research in response to those observations (Saunders et al., 2015). Alternatively, researchers can use a deductive approach, which begins with a hypothesis or a few hypotheses formulated prior to the experimentation (Wilson, 2014). In the deduction approach, if the data collection does not support the hypothesis, the researcher must find a way to modify or reject the theory (Blaikie, 2009). A deductive approach can be used to research links between two variables, which can be

useful for research in natural science fields (Saunders et al., 2015). However, in the social sciences, the inductive approach is ideal, as it begins with observation. In qualitative studies, the inductive approach is fitting, because the researcher can use his or her detailed observations to generate a conceptual framework. In a similar fashion to the deductive approach, the abductive approach utilises several working hypotheses with the aim of finding a potential answer to the hypotheses (Blaikie, 2009). The retro-deductive approach works with structures and mechanisms. The researcher using the retro deductive approach aims to determine whether these structures and mechanisms stand and perform in line with what is proposed (Blaikie, 2009).

The inductive approach stands out from the deductive and retroductive, as it does not require a model to be created initially. A model can be created following the data collection to better explain the outcomes. The inductive approach is used with research questions that examine a range of characteristics (Blaikie, 2009). In this research, board diversity characteristics need to be examined, such as gender, age, educational background, occupational background and nationality. This requirement further confirms the suitability of the inductive approach for this study. Since this research does not use structures and mechanisms, does not answer a why question or contain hypotheses, aims to examine a range of characteristics and starts with the collection of data (Blaikie, 2009), the inductive approach is the most suitable and advantageous approach for this study.

3.4.4 Methodological choice

For this study, a qualitative research design was chosen, because the questions relate to the experiences and perspectives of the study participants, which are data that are difficult to quantify. It also adheres to a mono-method qualitative approach, as this is a more suitable fit for this study. The other options were mixed-methods and multiple-methods research designs. A

mixed-methods research design utilises both qualitative and quantitative methods of data gathering (Creswell and Clark, 2007). A mixed-methods design is not suitable here, as the data are related to the experiences and perspectives of the subjects, a type of data which is not quantifiable. A multi-methods research design utilises many methods of data collection and data analysis (Creswell and Clark, 2007). This is not suitable for this study, as an interview was the only method used. The interviews were sufficient to collect the type of data needed in this study. Other methods, such as surveys, would fail to capture the necessary information.

Using an elite interview technique, data were collected from the board of directors of a corporation to research the effectiveness of a diverse board and assess the value that these directors add to their organisations (Hammarberg *et al*., 2016). A qualitative approach is useful in social science studies focusing on a small group of people who make crucial decisions or formulate policies. A qualitative approach is suitable for research in which it is difficult to identify the bounds of the sample. Qualitative methods allow researchers to reach different people, especially in circumstances in which people may not be willing to participate in studies. These methods allow the researcher to learn the participants' views on proposed legislation. When invited to share their views, an interviewer may end up learning more than he or she expected (Queirós *et al*., 2017).

A qualitative research approach places a humanistic frame on the research question. Even though the quantitative method is useful because other researchers can verify and use the data, the qualitative approach is critical to understand people's beliefs, values, social cues, body language, attitudes, experiences, interactions and behaviours (Pathak *et al*., 2013). The non-numerical data that qualitative research produces capture aspects of human life that the datasets used in quantitative methods lack (Queirós *et al*., 2017).

3.4.5 Strategy and design

This study uses an exploratory research design because its goals are to determine how diverse boardroom impacts ESG objectives and to learn more about directors' opinions on how boardroom diversity affects ESG objectives in companies operating in the UAE.

There are numerous research designs, including case study, experimental, longitudinal, cross-sectional, exploratory and conclusive designs (Queirós *et al*., 2017). However, the most common research designs in this field are exploratory or conclusive research designs. The conclusive research design includes two types of research: descriptive and causal (Richey and Klein, 2007). Causal research attempts to identify a cause-and-effect relationship, while descriptive research attempts to gather descriptive data on a population without establishing a causal relationship (Kirsch and Sullivan, 1992). The conclusive research design requires a large sample and is better suited to quantitative methods (Queirós *et al*., 2017) making it less suitable for this study.

A case study research design is used when focusing on the study of a single unit. It is often used in management literature when a specific organisation is studied (Anastas, 1999). This would not be suitable for this study, which focuses on various organisations rather than a specific organisation. The experimental research design is regarded as one of the non-flexible research designs in which the researcher uses a deductive method to create and test a hypothesis (Graziano and Raulin, 1993). Due to the lack of information on the research topic and the inductive nature of the study, the experimental research design was less suitable.

Research also occurs in various time horizons: longitudinal or cross-sectional. Longitudinal research follows individuals over a period, while cross-sectional research measures

variables at one point in time (Anastas, 1999). This study was better suited to a cross-sectional research design due to the nature of what was measured and the time constraint.

Exploratory research is aimed at exploring research questions that investigate an issue that has not yet been clearly described. It is suitable for research that can alter its course as results, new information and insights are identified (Saunders et al., 2015). Therefore, an exploratory, specific research design was suitable for this study. This approach was appropriate because the research question had been relatively unstudied in the UAE and information on the topic was limited. The study could benefit from a design that allowed the research to change direction when new data arose. The study's goals were to explore the current state of corporate boardroom diversity in the UAE and the role of a diverse board in enhancing ESG objectives, to identify the intangible resources that diverse board members devote to attaining ESG goals and to investigate the contributions of diverse board member characteristics.

Although choosing the appropriate research design can be challenging, an exploratory research design was ideal for this study. An exploratory research design is suitable for studies that use open-ended questions, allowing the contributors to reply using their own terms, instead of requiring them to select from a fixed set of responses, as is the case with quantitative methods (Mack, 2005). It is a particularly useful design in situations where little is known about the study's subject or the problem. The aim of exploratory research is not to provide definite and conclusive research but rather to explore an occurrence and its features in depth (Dulock, 1993). By contrast, a correlation research design seeks only to document various phenomena, rather than explain how they arise. Researchers applying this design utilise methods, such as archival data and observations, to collect data. An exploratory research design collects data through qualitative approaches. This method is more holistic, as it enables the collection of data from

various sources to understand each participant deeply (Dulock, 1993). In contrast to experimental research designs, exploratory research does not manipulate variables, which increases the accuracy of the data.

When using a qualitative approach, a researcher not only gathers data qualitatively but also analyses it using primarily qualitative techniques. Usually, this entails an inductive assessment of the data to find frequent themes and concepts. Next, the researcher describes and interprets these categories. Notably, data that is gathered qualitatively can be analysed quantitatively. A researcher scrutinises the qualitative data to identify significant topics and concepts and then translates this data into a numeric form for assessment (Nassaji, 2015). Given that the goal of this study was to determine whether diverse boardrooms influence ESG objectives in UAE firms, exploratory research was useful to analyse this phenomenon accurately and systematically. This study's data were analysed qualitatively. In this study, this could be achieved by conducting elite interviews.

3.5 Data collection

This investigation sought to address the research question by employing primary data. The study adopted the elite interview methodology, as members of the board of directors are deemed 'elite' participants, necessitating a specialised interview approach (elaborated in Section 3.5.2). The research concentrated on data associated with ESG objectives and the pivotal role directors fulfilled in fortifying these objectives within the UAE firms. It is noteworthy that existing literature on the strategic contribution of diverse boards predominantly focuses on the US, UK, Australia, and Malaysia (e.g., Shakil *et al.*, 2021; Harjoto *et al.*, 2015; Bear *et al.*, 2010). The UAE was an underexplored context for investigation. There was a research gap concerning the impact of diverse directors on ESG objectives in the UAE. To gather pertinent data for this

study, interviews were conducted with board members from companies operating in the UAE, eliciting insights into the ways diverse directors influence ESG objectives. The selection of directors as interviewees was predicated on their responsibility for CG within their respective organisations, which positioned them as valuable sources of information. A more comprehensive justification and rationale for employing the interview methodology is delineated in Section 3.5.2.2.

3.5.1 Sampling techniques

To conduct this investigation, communication was established with board members from 30 companies operating in the UAE. A more detailed rationale for the chosen sample size is expounded in Section 3.5.1.2. Participants were asked to furnish contact details of colleagues or acquaintances who serve on the boards of other UAE-based firms and might be amenable to contributing their insights to this research. This approach, referred to as snowball sampling, advanced the research objective of obtaining data from directors representing at least 30 organisations. Adhering to the guidelines set forth by Guest, Bunce and Johnson (2006), it is worth noting that theoretical saturation was discernible when conducting in-depth qualitative interviews involving 6–12 participants. The sample size of 30 was therefore deemed adequate for this study.

There are three broad sampling techniques: convenience sampling, judgement sampling and theoretical sampling. Convenience sampling entails choosing participants based on availability, while judgement sampling (also known as purposeful sampling) entails the researcher using their judgement to pick participants, and theoretical sampling entails the researcher choosing the participants based on theory (Marshall, 1996). The snowball technique is a form of judgement sampling, as it involves the subjects recommending potential candidates for

the study (Marshall, 1996). This approach proved feasible in this study, as it enabled the identification of additional boards of directors through the employment of this method.

3.5.1.1 Snowballing technique

Qualitative research is a flexible, organised research approach that describes the subjective feelings and experiences of the participants (Alase, 2017). A researcher can collect qualitative information in a non-probabilistic fashion using snowball sampling (Naderifar *et al*., 2017). Snowball sampling is preferable to other sampling techniques when suitable samples are rare and challenging to find (Bhardwaj, 2019). This sampling technique is common in studies of different companies. To use the technique, a researcher collects primary data from the employees of these companies. The researcher then requests the employees' help to recruit other employees in similar roles to increase the sample size of the research group. Because directors are a relatively small group of people, this approach was appropriate here.

Snowballing is an example of a non-probabilistic sampling technique, in which the researcher selects units of interest from the population to participate in the study, which forms the research sample (Bhardwaj, 2019). A unique characteristic of snowball sampling is that the sample selection is not random, like probabilistic techniques. The researcher selects samples based on his or her own subjective judgement (De Mello *et al*., 2015). Even though some researchers prefer probabilistic sampling, non-probabilistic sampling is often theoretically and practically useful.

Other non-probabilistic qualitative sampling techniques, such as purposive sampling, offer researchers a strong hypothetical reason for the selection of the research sample (Bhardwaj, 2019). In contrast to probabilistic sampling, non-probabilistic sampling requires researchers to

employ their subjective judgement, based on theory and practice (Peregrine, 2018). In this study, participants could use their own subjective opinion to choose sample units that they believed possessed the information required to answer the research question.

A limitation often associated with the snowball sampling method is that the ensuing sample may be limited to the narrow network of the endorser (Beck and Polit, 2019). However, the researcher aimed to overcome this limitation by ensuring a large sample size of at least 30 respondents. Another limitation mentioned by Beck and Polit (2019) is that the usefulness of the recommended participants depends on the cooperation and trust of the participant. This can be surmounted by ensuring the referrals follow criteria similarly to purposeful sampling. This study utilised elements of purposeful sampling as the initial participants came from set criteria (e.g., board members and in the UAE) and, therefore, any other referrals made had to correspond to the set criteria.

3.5.1.2 Sample size

In a qualitative inquiry, sample appropriateness comprises choosing an appropriate sample size and sample composition. It is important to consider these aspects to attain sample adequacy (Ritchie *et al.*, 2003). Sample adequacy is a major factor to consider in the evaluation of the credibility of an article. It affects the quality, trustworthiness and validity of research (Morrow, 2005). Small sample sizes in qualitative studies may be preferred where there is the need to support depth in case-oriented studies (Vasileiou *et al.*, 2018).

In qualitative research, the quantity or 'how many are allowable' in terms of sample size is an issue that is not contingent. The appropriate number of subjects in a sample size is largely dependent on the practicality, methodological and epistemological factors pertinent to each study. In conceptual development and empirical investigations, qualitative sample sizes need to

be large enough to help yield new and richly textured understanding but small enough not to preclude deep, case-oriented analysis (Vasileiou *et al.*, 2018). Specific numerical recommendations are made to guide qualitative research. Selecting around 20 people who belong to one analytically relevant participant category for an interview is acceptable. Studies that employ individual interviews need approximately 50 participants, which gives researchers the ability to manage the complexity of the analysis of the responses (Vasileiou *et al.*, 2018). Various scholars have recommended different criteria for sample size determination. One popular proposal is the information redundancy criterion, which suggests that inquirers terminate sampling when no new information is being elicited during the study. The information power criterion advises researchers that the more information power that a sample size provides, the smaller that sample size should be and vice versa. The saturation principle of sample size determination concerns the theoretical categories instead of data (Vasileiou *et al.*, 2018). This study was conducting interviews with elites who were in high power positions and could provide high information power. According to advice from Vasileou *et al.* (2018), when interviewing people with high information power, lower participant levels are acceptable. Guest, Bunce and Johnson (2006) have noted that theoretical saturation is discernible when conducting in-depth qualitative interviews involving 6–12 participants. Combining Guest, Bunce and Johnson's (2006) rule of thumb for at least 6–12 data points for analysis and Vasileou *et al.*'s (2018) advice, this study aimed for a minimum of 30 interviews with board members in the UAE.

3.5.2 Data collection methods

This segment delves into primary data collection methodologies, encompassing interviews, focus groups and direct observations. It scrutinises the rationale behind selecting interviews as an appropriate means of data collection for this investigation. The section also furnishes

justification for employing the elite interview approach in examining boards and elucidates the steps and benefits associated with this particular method.

3.5.2.1 Primary data

For this study, primary data were collected from sources using techniques, such as interviews. This approach was ideal, as it allowed data to be collected directly from the subjects of the study. One significant strength of primary evidence—which is why it was recommended for use in this research—is that the data is selected and personalised to meet the needs of the specific research topic (Hox and Boeije, 2005). Before selecting this method of data collection, the goal of the study must first be determined to create the sample selection methodology, which leads to the selection of the primary data method.

Compared to the primary data collection method, the secondary data collection approach produces data of less authenticity. Primary information is reliable, objective and authentic because a researcher can use it to address a specific research problem (Hox and Boeije, 2005). However, one major disadvantage of primary data collection is that it is time-consuming. Researchers share secondary data publicly, making it easily accessible and inexpensive or free to acquire. Despite being expensive and time-consuming, the primary approach produces information that is more useful to the needs of the researcher (Hinds *et al*., 1997). By contrast, data gathered using the secondary method might not meet the researcher's needs, as the data is often general and not customised to meet the needs of the study. This may make it difficult for a researcher to use secondary data to address the research question or problem effectively (Gill *et al*., 2008).

Primary data can be collected in various ways, including through interviews, focus groups, and observation. A focus group involves a group discussion in which group members

discuss a particular topic for the purpose of research (Kitzinger, 1994). However, this type of data collection would not be suitable if the researcher wishes to gather individualised responses. Certain group members may be reluctant to speak if they do not share the majority view (Morgan, 1998). This makes it less suitable for this study, as there may be cases in which the diverse directors are amongst the minority, and their views and opinions were important in this study.

Alternatively, a researcher can use observation to collect data. Researchers utilise observation in fields such as market research and anthropology. There are two ways to collect data through observation: participant observation and direct observation. In the first approach, the researcher is part of the community that he or she is observing, while with direct observation, the researcher is separate from the community (Gill *et al.*, 2008). Neither of the above techniques was suitable for this study due to the availability of the participants and the nature of the study.

In this research, the interview technique was used to gather data. There are three types of interview techniques: structured, unstructured and semi-structured. Structured interviews entail pre-set queries, act like a verbal survey, and offer little to no flexibility for follow-up questions (Gill *et al.*, 2008). By contrast, unstructured interviews offer greater flexibility, as they do not require any planning and researchers do not administer any predetermined interview questions (May, 1991). Semi-structured interviews consist of predetermined questions and allow the researcher to probe deeper by asking follow-up questions. This enables the researcher to discover material that the researcher had not considered previously (Pope , 2000).

Therefore, the elite and non-structured technique, consisting of open-ended questions, was selected. Even though it is possible to conduct interviews by telephone or other platforms, this research used in-person meetings. Face-to-face interviews have a few advantages. An

interviewer may miss some of the interviewee's subtle cues in a telephone discussion (Sturges and Hanrahan, 2004). To record the information from these interviews, various tools, such as notepads and recording devices, are used. Field notes recorded during and after the interview are helpful in recording observations and ideas to assess the data (May, 1999). The interviewer and interviewees decide which medium to use. However, due to the weaknesses of telephone interviews (Sturges and Hanrahan, 2004), face-to-face interviews were the ideal approach.

3.5.2.2 Justification for utilising interviews in data collection

Interviews are critical tools for qualitative data collection in the social sciences, which is why they were selected for this study. For this study to be successful, it was necessary to obtain highly personalised data, for which interviews were an ideal method (Silverman, 2013). Based on the nature of the research question, it was necessary to acquire a detailed understanding of the study participants' opinions regarding the role of diversity in effective CSR practices (Pope, 2000). Finally, interviews are suitable in cases with a limited sample (Braun and Clarke, 2006), as is the case with diverse boards in the UAE.

The research topic needed a thorough investigation, which can be achieved using interviews to capture these details. During the interview process, interviewers were not limited in how they could respond, particularly when asked open-ended questions. Interviewees shared information that other data-gathering techniques would likely not capture. Therefore, the interviews were vital to gain deep insight into the research question. Interviewees were likely to provide information that the interviewer did not anticipate, which is a feature that is rare in other methods of data collection (Englander, 2012). In this kind of study, researchers often have blind spots, making the interview technique critical for data gathering. This technique afforded

respondents the freedom and flexibility to describe phenomena that they perceived as important, giving the researcher additional subjective insight into his or her subjects (Pope, 2000).

This study sought to exhaustively describe and analyse the research topic. The first step in collecting data through interviews was screening interviewees to select ideal participants (Robinson, 2014). In comparison to probabilistic selection methods, this approach saves resources. Interviewees must be carefully selected, because the data for this study must be detailed, reliable and accurate. An appropriately selected sample increases the efficiency of data collection and ensures the data suit the researcher's needs. This study only used directors as participants, because other employees of these firms might not have had relevant data (Sullivan, 2012). Face-to-face interviews ensured the accuracy of screening, as it was impossible for prospective participants to provide false responses to screening questions, such as questions relating to their race, age and gender.

Face-to-face interviews were an ideal format because they allowed the interviewer to capture both the verbal and non-verbal cues of an interviewee. By paying attention to the body language of the interviewees, an interviewer can easily detect an interviewee's response to questions, including their level of discomfort or excitement. Questions that elicit changes in an interviewee's mood can help the interviewer identify false information or cases in which the participant is not giving a complete answer (Pope, 2000).

3.5.2.3 Elite interviews

Kakabadse and Louchart (2012) have offered clear guidelines on how to approach elite interviewing and have provided a practical framework for qualitative research studies that require the interviewing of elite groups. The elite includes people perceived to possess more privileges and power than others in a society (Aberbach and Rockman, 2002). The elites tend to

hold the highest position in a hierarchy, own personal assets, boast of a high degree of international exposure and enjoy high status in society (Aberbach and Rockman, 2002). Kakabadse and Louchart (2012) have developed the most powerful data collection method in qualitative studies, since the method allows interviewers to deeply penetrate the mental world of their subjects and understand the logic through which they see things. Elite interviewing is best suited to help gather extensive scholarly data that is critical for social and education disciplines and contributes to empirical research in political science. Therefore, elite interviewing with many interviewers is an 'action learning' opportunity.

According to evidence presented by Kakabadse and Louchart (2012), the in-depth interviewing of elites tends to be significantly disparate compared to interviewing with non-elites. It is, therefore, paramount to follow the proposed elite-interviewing framework, which includes major components as follows: (1) preparations for the interview where strategies are developed to access the elites and allow the inquirer to set the scene and reinforce credibility, (2) conducting the actual interview, (3) reflection stage allowing inquirers to build their skills and experiences and (4) making follow-ups and offering feedback. All the stages are equally important for conducting the interviews (Kakabadse and Louchart, 2012).

Numerous factors have been highlighted that have the potential to influence the interviewing process. For instance, elite interviewing may be influenced by the personalities of the individuals involved, the context where interviewing takes place and personal ideas and values. Elite interviewing may be influenced by the professional values, culture, gender and seniority of the participants. The interactions during interviews may be impacted by the seniority gap between the researcher and an elder elite, causing the latter to be more patronising and behaving ambivalently (Kakabadse and Louchart, 2012).

Elite interviewing is particularly important since, in open-ended interviews, the elite participants have a chance to express their views in a 'shared agenda setting' involving the interviewer and interviewee (Aberbach and Rockman, 2002; Kakabadse and Louchart, 2012). These interviews tend to be the most suitable mode of exchange and are not subject to the interviewer's control (Kakabadse and Louchart, 2012). For elite interviewing to succeed, this study followed the four critical stages as stipulated in the elite-interviewing framework. Each stage involved critical strategies that built on each other to yield a successful interview. In the first stage, the elite-interviewing preparation, it is noted that it takes a mix of audacity, ability to network and luck to secure an interview with an elite respondent. Key takeaways from this stage are that it is important to be well-prepared to gain quality data from the elite interviewees (Kakabadse and Louchart, 2012). Accessing the elite participants largely depends on one's network, which guarantees direct access. Asking for support is essential and establishing a good rapport has a direct impact on the degree of openness and trust one receives. Using a one-page letter or email to create first contact is recommended and should state the aim of the research study, the reason for seeking participation, interviewing process, the expected duration, state the benefits to the participants and give assurance of confidentiality (Kakabadse and Louchart, 2012).

During the elite interview process, the exercise may be challenging considering the respondents' expectations of the interviewer, the interactions' intensity and the conversational dynamics of the elites. The elite interviewee's perception of the relevance of academia is significant in securing an interview session. The position of control is dynamic in elite interviewing, and this may be challenging for novice inquirers. The researchers need to prove they are worth the time and support from their elite participants. During the interview, the

inquirer sets the scene by introducing themselves and then reintroduces the research. Before the interview, Kakabadse and Louchart (2012) advise that it is critical to establish interviewee-interviewer relationships, and this is best done through conducting idle chatter to establish a sound relationship. Conversation dynamics are critical to making the interview process a rewarding one (Aberbach and Rockman, 2002). Since elites work in fast-changing environments, it is paramount for inquirers to respect the time allocated for the interview (Kakabadse and Louchart, 2012).

After the interview, it is necessary to make sense of the interview experience by conducting a personal reflection. Since elite interviewing is a learning opportunity, reflection enables personal development. Analysis of the insightful and sensitive information disseminated by the elite is important to the interviewer. An evaluation of the emotional stances enables the interviewer to reflect on their behaviour and performance during the interview, creating room for improvements (Kakabadse and Louchart, 2012).

Another post-interview step to undertake is the elite interview follow-up. Evidence suggests that the elites participate in a research study with the aim of developing their networks. Keeping in touch with the elite is a good means of professional network expansion. Any question that the elites may have should be answered. Follow up allows room for providing feedback and for establishing professional networks that may be useful when further information is required (Kakabadse and Louchart, 2012). By applying the action learning approach to elite interviews in this study, since dealing with elite interviewees, it was paramount to possess considerable skills and to undertake preparation aimed at building the right relationships to help gain trust and contribute to effective interviews (Aberbach and Rockman, 2002). Interviewing is a cyclical

process that utilises and necessitates both internal and external focus (Kakabadse and Louchart, 2012).

3.5.3 Interviewing protocol

This section covers the interview protocol, including the ethical considerations and the interview questions.

3.5.3.1 Ethical considerations

The ethics form was submitted, reviewed and accepted by the University of Reading and all the interview protocols were covered. The participants were anonymised with a participant number and any details, such as company name, were anonymised in the transcripts. The data were kept strictly confidential and secured using the University of Reading OneDrive system. Data collected were destroyed within three years of the project's end. The participants had the right to change their minds or withdraw at any time. The research aimed for at least 30 participants, all over the age of 18 and selected from networks and by snowballing methods. The research was conducted face-to-face in the participants' respective offices. However, if the participants were uncomfortable with this or had workplace policies regarding visitors (due to COVID-19) then the interviews were conducted through Zoom. All the participants signed consent forms giving consent to be interviewed and recorded, after being briefed about the study. The information collected through the interviews was only used for this thesis. The research questions involved some personal questions, such as the interviewees' age, race and nationality, and the respondents were notified they were not required to answer any questions they were not comfortable answering.

3.5.3.2 Zoom video conferencing as a qualitative tool

Zoom is a videoconference tool that replaced much of the in-person communication during the COVID-19 period (Mathew, 2020). Zoom offers real-time online meetings and protected meeting recordings. The advantages of Zoom include secure recordings of meetings without sharing with any third-party programmes. It offers instantaneous encrypting of meetings and security, protecting the confidentiality of participants and adhering to university ethical practices. Another advantage is the convenience of Zoom, allowing hard-to-reach respondents, such as elite respondents with busy schedules, to participate (Archibald *et al*., 2019). The platform participants find Zoom to be user-friendly. Compared to other interview methods, Archibald *et al.* (2019) have found that the majority of respondents determined Zoom to be their preferred method.

There are some disadvantages associated with videoconferencing softwares, such as connection issues, quality and dependability issues. However, only a few participants (25%) in the study by Archibald *et al.* (2019) suffered these issues. Therefore, the advantages of Zoom exceed the disadvantages making it the preferred method for this study (Archibald *et al.*, 2019). The UAE lifted the ban placed on videoconferencing for Zoom and added security, making these connection issues rare (Mathew, 2020). None of the respondents in the pilot study suffered from any connection issues.

3.5.3.2 Interview questions

Predetermined interview questions are not required for elite unstructured interviews. However, in the study, a set of themes and interview questions were created as a guide during interviews, but they were not strictly followed, as each interview was different. The interview questions were split into themes consisting of introduction, personal background, board background, how the board operates, diversity beliefs and practices, and ESG knowledge and practice. The interviews

were also followed by many follow-up questions that are not included here as they were unique, based on the interviewees' answers to the follow-up questions.

The introduction questions were asked first. These types of questions aim to act as a warmup for the interviewee and to get them acquainted with the type of questions that will be asked during the interview. The questions in the introduction are moderate and non-strenuous, attempting to get the interviewee talking. The types of questions asked during the introduction included, 'Could you please share with me how you view your role on the board?'; 'In your role, what are your key priorities?'; 'What are the challenges associated with your role and how well have you handled them?'; and 'What are the nature of your interactions within the top team and between the board and the top team?'

The questions about personal background followed. This part of the interview attempted to gather demographic information, information about background and information on their current board position. The types of questions asked during the personal background section included, 'What is your education background?'; 'What is your occupational background?'; 'What is your nationality, race and ethnicity?'; 'What is your religion?'; 'What is their board role?'; 'How long have you been a board director?'; 'On how many boards do you sit?' and 'Do you sit on any of the board committees?'

The next theme of questions centred on the board's background to collect some general information about the board. In this section, the questions related to board size and composition were: 'How many board members are on the board?'; 'How many independent directors are on the board'; 'Is the chair different from the CEO of the company?'; 'How often does the board meet?'; 'How long does each meeting last?'; 'How many board committees are there?'; 'Which board committees exist on the board?'; 'What are the educational backgrounds of the board

members that you are aware of?'; 'What are the occupational members of the board members on the board?'; 'How many women are on the board?' and 'What are the different nationalities on the board?'

Next, information related to the board and how the board operates was collected to gain an idea of the board's effectiveness, working style, openness, importance of CSR on the board and performance. The questions included, 'What are critical issues facing the board and how have these been addressed? And what is the impact of not raising them?'; 'Does your board have a shared view on the competitive advantage of the firm? What is that view?'; 'If there is no shared view, why not?'; 'How open is discussion on the board?'; 'To what extent does the chair drive the discussion and the outcomes form discussion?'; 'What is the relevance of ESG in terms of boardroom priorities? Can you provide any examples?' and 'How are conflicts handled on the board?'

The next set of questions tackled the board members' diversity beliefs and practices. These questions aimed to find the participants' attitudes towards diversity as past research shows that attitude towards diversity plays a part in their effectiveness (Van Knippenberg *et al*., 2004; Homan *et al*., 2007). These questions included, 'Tell me a bit about your board diversity, how diverse is it and on which terms (e.g., diversity, ethnicity, thinking, age, occupational background, education)?'; 'Are there any aspects of diversity that you believe are beneficial for a board? And why?'; 'Does diversity contribute or make decision-making on the board level slower?'; 'Do you feel that diversity enhances problem-solving on the board level?'; 'Do you feel that certain aspects of diversity would contribute positively to the attainment of ESG objectives in an organisation? Why or why not?' The questions mentioned above led to more questions about individual attitudes towards certain aspects of diversity being asked.

After asking questions about diversity and the board, the questions moved on to the third critical topic of ESG. This collection of questions asked about the interviewees' ESG knowledge and practice. 'How do you conceptualise ESG (i.e., its meaning)?'; 'Are there any ESG practices and initiatives in the company?'; 'Are there any examples of ESG initiatives?'; 'If not, are you planning any? If not, why not?'; 'Does the company have established ESG policies or codes?'; 'Does the company publish annual ESG reports?'; 'Do they believe ESG for the company is worthwhile in the short and long term?'; 'Is ESG discussed on the board/board agenda?'; 'If so, how often does it appear?'; 'Who drives the discussion?'; 'How would you categorise your company's standing in terms of ESG (e.g., do they do more or less than other companies in the region)' and 'Where would you place ESG on the list of board priorities? And why?'

Since the research was analysing the impact of board diversity in the UAE, it was necessary to ask some UAE-context-specific questions. The CG code in the UAE highlights restrictions on non-nationals serving on the board of directors. Board members in a PSJC must consist predominantly of UAE nationals. An LLC has no such requirement, however, it is important to note that this structure requires a national to hold at least 51% of shares of the corporation (Choueiri and Macharia, 2019). Other conditions for PSJCs include members being unable to hold both positions of chairman and CEO or chairman and vice chairman. Achieving gender balance is part of the UAE's 2030 SDGs. The majority of people in the UAE follow Islam, therefore, Sadaqah and Zakah (Islamic charitable contributions) would also be a topic of consideration when interviewing board members of Islamic organisations, such as Islamic banks. The questions in this section centre on these CG rules in the UAE and context-specific questions. For instance, the interviewees were asked 'whether or not they believed that the gender requirement has made an impact on gender diversity on the board' or 'whether or not the

requirement to have majority UAE nationals on the board impacts diversity'. The interview

concluded by asking the interviewee if there were any other thoughts they would like to share on

the impact of board diversity on ESG objectives in the UAE.

3.6 Data analysis

This study used an inductive approach to conduct interviews with participants. To answer the

research question effectively, one must gather opinions from individuals with professional

experience and knowledge of the topic. This requires gathering data from individuals with

decision-making authority in their CG framework. As a result, it was decided that interviewing a

panel of experts using the inductive approach was the most appropriate method to conduct these

interviews. Written transcripts were created for these interviews and used thematic analysis to

study the codification of the data. A list of relevant themes through thematic analysis was

developed to present the directors' views. To codify and interpret the data, software, such as

NVivo, was used.

3.6.1 Data reduction, coding and analysis

After data collection, the data reduction, coding and analysis section comes next. In this section,

the raw research collected needed to be altered to allow it to be analysed. There are various

methods to accomplish this, including using quantitative methods or continuously evolving

qualitative reduction techniques involving categorising the data and evolving it into theory

(Namey *et al.*, 2008). In the data reduction stage, the raw data needed to be altered so that it

could be handled by analysis software, such as NVivo or Stata (Blaikie, 2009). Quantitative

methods can be achieved by inputting the answers to surveys or by organising datasets for

relevant information. When using qualitative methods, data reduction usually involves

transcribing a recording of the interview and laying it out in a way that can be analysed by

software (Blaikie, 2009). To transform the raw research, the interview recordings were transcribed and analysed using NVivo.

Data reduction methods in qualitative research can be split into two approaches, namely quantitative and qualitative (Namey *et al*., 2008). The quantitative method can be split into two sub-categories consisting of pre-coding and post-coding. The qualitative method can be split into two sub-categories of open and axial coding (Blaikie, 2009). Pre-coding involves categorising frames before data is collected by methods, such as structured interviews and questionnaires. However, in most cases, post-coding is also required and involves coding a second round, after data collection, in which the researcher reorganises coding frames (Blaikie, 2009).

Douglas (2011) has referred to three steps in coding qualitative research: axial, open and selective coding. Open coding involves labelling the data found in transcripts, such as occurrences, relationships, actions and roles. This involves detailed scrutiny and analysis of every word in the interview transcript (Blair, 2015). The purpose of open coding is to generate unbounded labelling as an introductory or basic appointment of theoretical codes to all the incidents found in the data. This is assessed and compared on a rolling and repetitive basis, based on the unveiling and collection of new data as the process develops (Douglas, 2011).

As the work moves further along, the next step of coding qualitative research is axial coding, which involves regrouping the data (Evers, 2016). Axial coding builds on the incidents found in the data and groups them into major or core codes, based on the closeness of relationships, to bring about a stronger argument (Douglas, 2011). The major codes created in the axial process consist of combining open codes that are overlapping or have close relationships with one another. The more data collected, the clearer the relationships between some of the open codes appear (Douglas, 2011).

The open and axial coding steps aid in developing selective coding. The selective coding process involves analysing the major codes and identifying the central code from within (Douglas, 2011). This comprises finding the direct or indirect relationships between the major codes identified in the axial coding process and developing a theory consisting of interrelated notions and linking them to a central code (Douglas, 2011). To facilitate the coding process, theoretical memoing is used to outline coding, oversee coding and lay out hypotheses. This is updated continually to reflect the relationships and linkages identified during the coding process (Douglas, 2011).

3.6.2 Bracketing and reflexivity

Qualitative researchers are expected to guard against bias to the best of their ability (Ahern, 1999). Researchers recognise that widespread objectivity is difficult to achieve (Crotty, 1996; Schutz, 1994). However, researchers are expected to separate their individual values from their research as best they can (Ahern, 1999). Researchers should prevent their presumptions and views from affecting data gathering and data interpretation. This process is known as bracketing (Crotty, 1996).

Bracketing is the process of displaying the soundness of data gathering and interpretation (Porter, 1993). In this research, bracketing takes place on several levels. First, preliminary bracketing takes place during the research proposal stage at the university. Next, bracketing takes place through the process of ethical considerations, approvals and defining the potential research problems. Further, bracketing takes place through checks, such as the thesis confirmation and the viva.

The capability of abandoning presumptions is an expression of reflexivity as opposed to objectivity, because total objectivity is unattainable due to the unconscious nature of some

presumptions (Ahern, 1999). Reflexivity is an understanding that researchers cannot be separated from the social world (Frank, 1997). This understanding emanates from the identification of potential biases (Porter, 1993). Researchers engage in bracketing, a reflexive approach that requires planning, operating, assessment and feedback (Ahern, 1999). Therefore, researchers can focus on understanding individual biases as opposed to ineffectively eradicating them (Porter, 1993). In this research, this was achieved by including opposing views in the literature review, awareness of the researcher's position and interests to eliminate it from shaping the research, paying attention in the write up to make sure every view was acknowledged and constantly evaluating and seeking feedback from supervisors and colleagues.

3.6.3 Thematic analysis

In data analysis, the researcher is the instrument of study, and he or she makes judgements concerning the coding, theming and decontextualising of the data. Each qualitative research approach has techniques for analysing and assessing data. However, the researcher must ensure that the data analysis process is rigorous and trustworthy (Vaismoradi *et al*., 2013). Researchers performing the qualitative analysis can show how they analysed the data by recording, systematising and disclosing the methods they used in the analysis, which allows readers to assess the credibility of the inquirer's techniques. The available methods for data analysis include discourse analysis, content analysis, thematic analysis, grounded theory and more. However, this study made use of thematic analysis due to its flexibility and the study's qualitative approach.

Qualitative content analysis and thematic analysis are similar as the researcher tries to analyse a narrative text by breaking it into small units. In both cases, the researcher transcribes the data material and attempts the exploration of the main meaning behind the data (Vaismoradi

et al., 2016). Content analysis focuses on micro-level analyses and often conducts analyses using frequencies in data (Wilkinson, 2000). Unlike content analysis, thematic analysis shows prevalence in a non-quantitative study by using terms such as 'many participants', making it more suitable for a qualitative study (Braun and Clarke, 2006).

The application of thematic analysis has been deemed advantageous in comparison to alternative data-driven or inductive methodologies. This technique is characterised by a reduced time commitment and a less rigid structure with regard to data collection processes than both grounded theory and interpretative phenomenological analysis, permitting the effective management of larger data sets, encompassing 15 to 30 interviews (King, 2012). Thematic analysis strives to extract codes and themes inductively from the data as they surface, as opposed to implementing predetermined themes in the manner of content analysis (Forman and Damschroder, 2007) and template analysis (King, 2012), which may inadvertently constrain and hinder the scope and profundity of the analysis.

One of the advantages of thematic analysis is theoretical freedom, which makes thematic analysis a highly flexible approach, which a researcher can easily modify to fit the needs of several studies while still producing valuable data. Unlike grounded theory, discourse analysis and narrative analysis, thematic analysis does not entail an exhaustive theoretical understanding of other qualitative approaches, making it more accessible for researchers in the field (Braun and Clarke, 2006). Thematic data analysis was chosen for this study because it was easier to understand and learn compared to other methods (Nowell *et al*., 2017). Thematic analysis was most compatible with the constructivist ontological approach used for this study (Braun and Clarke, 2006). Given that ideas and perspectives were collected from different respondents in this study, thematic analysis was vital to effectively scrutinise, compare and contrast the views of

the participants. Thorough thematic analysis ensured the validity of this study and produced accurate and insightful results (Nowell *et al*., 2017).

3.7 Pilot study

In research, pilot studies – sometimes referred to as feasibility studies – can refer to a scaled-down adaptation of the study carried out as preparation for a main study (Polit *et al*., 2000). It could also refer to pre-screening and testing-specific methods (Baker, 1994). A benefit associated with a pilot study is the researcher has the opportunity to realise the potential weaknesses of the research early on, when there is still an opportunity to rectify them. It allows the researcher to address how the rules of conduct are followed and test out the intended methods (Van Teijlingen and Hundley, 2001). Studies have shown that pilot studies are more essential than previously thought for several reasons (Lancaster *et al*., 2004).

Van Teijlingen *et al.* (2001), in their study, used real examples to justify the need for pilot studies. First, the researchers discovered there are sometimes intermediaries who must be passed to get to the main research participant. This is time-consuming and the intermediaries could halt the study. Asking clear and concise interview questions is essential, so the trial run helps the researcher refine the interview questions. The pilot can bring attention to any oversights associated with the interview and with accessibility and publicity.

Three participants were interviewed individually for about 60 minutes for the pilot study, which was completed in July 2020. Tables 9 and 10 below highlight the features of the participants, including age group, gender, educational background, education level, country of education, ethnicity, nationality, functional background and board independence. Table 9 addresses surface-level (visible) diversity characteristics, while Table 10 addresses the deep (non-visible) level diversity aspects.

Table 9: Tabular breakdown of surface-level features in the pilot

Participant No.	Age group	Gender	Ethnicity	Nationality
1	20–30	Male	Arab	Emirati
2	60–70	Male	Arab	Emirati
3	40–50	Female	Arab	Emirati

Table 10: Tabular breakdown of deep-level features in the pilot

Participant No.	Educational Background	Educational Level	Country of Education	Occupational Background	Board Independence
1	Finance	Bachelor's	UAE	Real estate	Non-indep
2	Finance	Bachelor's and executive education	UAE, US, Greece	Investment banking	Both
3	Accounting and Finance	Bachelor's	UK	Auditing	Non-indep

Table 9 addressed the surface-level diversity characteristics of the participants. In the pilot, all the respondents were Arab and Emirati due to availability. However, the participants were diverse in age group and gender. Table 10 shows that the participants were diverse in occupational backgrounds, board independence, country of education and educational background. The interviews were conducted in line with the university ethics requirements. (The interview questions and protocols were discussed in depth in Section 3.5.3.) The interviews were transcribed, coded and analysed. Table 11 furnishes an illustration of the coding process employed within this pilot study.

Table 11: Exemplification of coding employed in the pilot

Empirical quotes (examples)	Conceptual category (Second-order themes)	Aggregated dimension (First-order themes)
'… corporate social responsibility. See, it's the giving back of an entity of a corporation. What does it do for the environment, for the people who inhabit the environment and the people around?' (Participant 1)	Giving back (philanthropy)	
'Is it positive or negative? And I feel that to me it encompasses the practical, on the ground, impact the corporation has on the people around it, not just people that work for it, but every stakeholder, whether it's customers, suppliers and even individuals that are just in the market and in the country outside of the city itself.' (Participant 1)	Inclusiveness (all stakeholders)	ESG meaning

'A valuable source of management and its value added to the decision made.' (Participant 2)	ESG value
'I think without [ESG], you normally end up with the wrong decisions.' (Participant 2)	ESG value (positive impact on decision-making)
'[ESG is] ...whatever way you can improve.' (Participant 3)	Impactful ESG
'For example, in the UAE, there was that year of Zayed [initiative in the UAE to honour the late founder of the UAE] and we were like looking at things that were important to him and those were the sorts of areas we wanted to push.' (Participant 3) 'We could sort of leverage… the country's goals with regard to ESG.' (Participant 3)	Supporting countrywide initiatives
'If we were looking at education, we were looking at all sorts because, you know, it shouldn't just be a one-dimensional thing. It needs to cover a few aspects.' (Participant 3)	Multidimensional
'If there's a way where we could sort of leverage the company.' (Participant 3)	Leveraging company resources
'If there's a way that any of our portfolio companies can help the country achieve those [ESG goals], then that's my way of contributing.' (Participant 3)	ESG contributing

3.7.1 Findings and lessons from the pilot

During the pilot interview with three board members, many discoveries were made regarding the interview questions, diversity perceptions, interactions on the board and interview techniques. First, note-taking distracted the interviewees and caused them to talk less, so going forward, notes were not taken to allow the interviewees to elaborate and feel at ease. Second, there may be times when the participants should be asked to clarify their responses. There were times when the participants misunderstood an interview question and dove into irrelevant discussions, so in the next interviews, questions were rephrased when the participant seemed to have misunderstood. It was also discovered that when asking a question that grouped a few ideas, the respondents only answered the first or last part of the questions and disregarded the rest. Therefore, questions aimed to remain straightforward and consist of a single idea. More time

should be given to ensure the participant has nothing more to say before asking the next questions, as on several occasions this resulted in crosstalk making it difficult to transcribe and analyse.

Not many region-specific questions were asked. However, since all the respondents mentioned UAE culture and UAE laws, it was clear that in the next interviews more contextual questions needed to be asked to explore those findings further. On several occasions, the interviewer failed to ask probing questions as a follow-up to an interesting point. For example, Participant 1 claimed, 'he's a computer science bachelor … There are some unique quirks and an interesting educational background in our team which gives him a bit of diversity'. In this case, the respondent could have been asked to give examples.

It was found most useful to transcribe the interview immediately afterwards to accurately recall verbatim in case parts of the recording were unclear. Two of the respondents' boards for the pilot were formed mostly of Emiratis. Two of the respondents were sitting on boards that included women. The respondents also viewed ESG as a must and viewed it as a responsibility. Some of the respondents referred to sustainable investments (ESG) and identified sustainable investments as a goal that is discussed on the board.

Respondents were influenced by ESG in a religious form and mentioned Sadaqa and Zakah (Islamic charitable actions) as one of their board's priorities and that ESG is a way for the company to create value. There was a cultural aspect to ESG, and respondents claimed Emirati culture encompasses generosity and giving. Respondents usually referred to gender and nationality when asked about board diversity. Preliminary findings showed that the respondents had more of a cultural or religious view of ESG and viewed it as an obligation rather than a strategic initiative (see Table 11).

3.8 Main study

3.8.1 Main study sample

The sample was made up of 42 board members who represented various UAE companies. Table 12 presents a comprehensive description of sociodemographic factors among those involved in the research, shedding light on their age clusters, biological gender, ethnic identity, religion and citizenship status.

Table 12: Participant demographics

Participant	Gender	Age	Nationality	Ethnicity	Religion
1	Male	25	UAE	Arab	Islam
2	Male	64	UAE	Arab	Islam
3	Female	43	UAE	Arab	Islam
4	Male	45	UAE	Arab	Islam
5	Female	45	UAE	Arab	Islam
6	Male	40	UK	White	Christianity
7	Male	41	UAE	Arab	Islam
8	Male	34	UAE	Arab	Islam
9	Male	42	UAE	Arab	Islam
10	Male	46	UAE	Arab	Islam
11	Female	27	UAE	Arab	Islam
12	Female	44	UAE	Mixed	Islam
13	Male	62	UAE	Arab	Islam
14	Male	58	UAE	Arab	Islam
15	Male	59	UAE	Arab	Islam
16	Male	49	UAE	Arab	Islam
17	Male	59	Netherlands	White	Christianity
18	Male	56	France and US	Arab	Islam
19	Male	34	Pakistan	South Asian	Islam
20	Male	36	UAE	Arab	Islam
21	Male	66	Canada	Arab	Islam
22	Male	48	UK	White	Atheism
23	Female	42	UAE	Arab	Islam
24	Male	32	UAE	Arab	Islam
25	Male	31	UAE	Arab	Islam
26	Male	32	UAE	Arab	Islam
27	Male	45	India	South Asian	Hinduism
28	Male	37	Jordan	Arab	Islam
29	Female	32	UAE	Arab	Islam
30	Male	65	UAE	Arab	Islam
31	Male	40	UAE	Arab	Islam
32	Male	41	India	South Asian	Hinduism
33	Male	47	UAE	Arab	Islam
34	Male	58	UAE	Arab	Islam

35	Female	48	UK and Jordan	Arab	Islam
36	Female	30	UAE	Arab	Islam
37	Male	47	UAE	Arab	Islam
38	Male	40	India	South Asian	Jainism
39	Male	46	UAE	Arab	Islam
40	Female	42	UAE	Arab	Islam
41	Female	27	UAE	Arab	Islam
42	Male	33	UAE	Arab	Islam

The array of individuals under scrutiny was marked by a heterogeneous mix of ethnic backgrounds and religious views that added to its uniqueness. A significant percentage could trace their roots to the UAE with an ethnic lineage based predominantly on Arabic heritage and Islam, while others were linked variously across countries, such as France, Netherlands, Jordan, Pakistan, India, US and Canada. The cohort included people aged 25 to 66 years old, with a fair distribution across these age groups. The majority of the selected individuals were men, comprising 31 of 42 participants, while 11 women made up the rest. Apart from Arab ethnicity, which was dominant, there were also White, South Asian, and mixed ethnic backgrounds included in this sample group selection. Religious affiliations represented included Islam, Christianity, Hinduism, Jain and atheism.

Displayed in Table 13 is a comprehensive analysis of the educational and professional pasts of those taking part, revealing an assortment in their scholarly concentrations, schooling whereabouts, levels of education achieved and careers pursued.

Table 13: Participants' functional backgrounds

Participant	Education	Foreign or locally educated	Educational level	Occupation
1	Finance	Local education	Bachelor's	Real estate
2	Finance	Local and foreign education	Bachelor's and executive degrees	Investment banking
3	Accounting and Finance	Foreign education	Bachelor's and CFA	Auditing
4	Business and IT	Local and foreign education	MBA	Software engineering
5	Business and IT	Local education	MBA and executive education	IT

6	Law	Foreign education	Bachelor's	Investment banking and law
7	Mathematics and Sharia	Foreign education	Master's	Sovereign wealth fund and Sharia
8	Finance and Banking	Local and foreign education	Bachelor's	Banking and logistics
9	Medicine and Management	Local and foreign education	Master's	Surgeon, medical research, healthcare management
10	Economics	Local and foreign education	MBA	Accountancy and finance
11	Electrical Engineering	Local and foreign education	Bachelor's and executive degrees	Consulting and academia
12	Business and Law	Foreign education	Master's	Tech
13	Business and Politics	Local and foreign education	Bachelor's	Banking and investment
14	Maths, Economics, and Computer Science	Foreign education	Master's	Banking
15	Law	Local and foreign education	Master's	Law, shipping and marine
16	Communications	Local education	Bachelor's	Management
17	International Management	Foreign education	Master's	Banking
18	Economics, Law and Finance	Foreign education	PhD	Investment banking, project development, consultancy
19	Business Administration	Foreign education	Master's	Supply chain and logistics
20	Business Administration, Mathematics, and Aerospace Engineering	Foreign education	Bachelor's and CFA	Finance and investment
21	Engineering and Business	Foreign education	MBA	Banking
22	Business	Local education	High school	Banking and investment
23	Engineering	Foreign education	PhD	Consulting
24	Law	Local and foreign education	Bachelor's	Law
25	Real Estate and Corporate Finance	Foreign education	Bachelor's	Real estate and investments
26	Finance and Philosophy	Foreign education	Bachelor's	Financial underwriting and family business
27	Accounting	Foreign education	MBA	Investment and

				strategy
28	Electrical Engineering	Local education	Bachelor's	Energy
29	Management Information Systems	Local education	Master's	Food and beverage
30	Economics	Foreign education	Master's	Banking and project finance
31	Science and Mechanical Engineering	Foreign education	Bachelor's and executive degrees	Oil and gas
32	Medicine and Business	Foreign education	MBA	Investment
33	Marketing	Foreign education	Master's	Marketing, business development and sales
34	Chemical and Petroleum Engineering	Foreign education	Master's	Environment protection
35	Mathematics and Finance	Foreign education	MBA	Investment banking
36	Marketing and Psychology	Local and foreign education	Master's	Entrepreneurship, family business and real estate
37	Multinational Commerce	Local and foreign education	Master's	Shipping
38	Commerce	Foreign education	Bachelor's and executive degrees	Family business, banking, investment
39	Environment, Health, Safety, and Business Sustainability	Foreign education	PhD	Logistics, marine assurance, sustainability, and environment
40	Business	Foreign education	Master's	Consulting, finance, and investment
41	Finance and Banking	Local education	Bachelor's and CFA	
42	Economics	Local education	Bachelor's	Family business

Abbreviations: CFA = Chartered Financial Analyst; MBA = Master of Business Administration

The areas of study that participants had undergone were expansive, covering fields such as finance, commerce, law, sciences, mathematics, engineering and economics. The participants accomplished degrees either locally or overseas or both, with qualifications ranging from basic high school diplomas to doctoral achievements. The participants had a wide range of educational

qualifications, including bachelor's, master's and PhD degrees. There were individuals with a number of professional accolades, such as the Chartered Financial Analyst (CFA) certification, along with executive education programmes completed. The participants also came from varied occupational backgrounds, representing different industries and sectors, including real estate, investment banking, auditing and engineering. This variety demonstrated the diversity of their professions, which included law, academia, consultancy, entrepreneurship, marketing, supply chain management, logistics, healthcare administration, healthcare management and environmental protection. An extensive range of functional backgrounds was available, which represented a diverse and varied selection. This variety allowed for an all-encompassing view and promoted thorough scrutiny of the research topic through diversified lenses.

Table 14 elucidates the board characteristics and experience of the participants, shedding light on the heterogeneity of their board roles and involvement across different types of organisations. The table demonstrates the board independence, board committee membership, number of board appointments, board experience duration and the organisations they were associated with.

Table 14: Board characteristics and experience of participants

Participant	Board independence	Board committee membership	No. of board appointments	Board experience	Organisational type
1	Non-independent	None	4	1 year	Private
2	Independent	Remuneration and audit	3	12 years	Governmental and listed
3	Independent	Audit and steering	2	3 years	Semi-governmental
4	Independent	Audit, HR, and Dubai initiatives	3	7 years	Private
5	Non-independent	Audit, strategy and innovation, and CG	2	5 years	Governmental and listed
6	Independent	Audit, investment and steering	7	10 years	Private
7	Independent	Investment	2	5 years	Governmental and listed
8	Non-independent	Renumeration and compensation	4	6 years	Private

9	Both	None	3	20 years	Private and semi-governmental
10	Both	None	5	8 years	Private and listed
11	Independent	Finance, audit, risk and budget	3	3 years	Governmental
12	Both	Audit, risk, HR, remuneration	3	9 years	Private
13	Independent	Audit and risk	3	3 years	Private and listed
14	Both	Audit and Finance	5	14 years	Private and listed
15	Independent	Audit	2	8 years	Semi-governmental
16	Non-independent	None	5	12 years	Private and listed
17	Independent	Credit and risk	1	15 years	Private
18	Non-independent	Investment		7 years	Private
19	Independent	None	8	7 years	Private
20	Independent	None	1	1 year	Private
21	Independent	None	3	9 years	Private and listed
22	Non-independent	None	1	3 years	Listed
23	Independent	None	2	10 years	Private
24	Both	None	5	6 years	Private
25	Independent	Remuneration and strategic expansion	3	2 years	Private
26	Non-independent	Remuneration, audit, investment and IT	1	3 years	Private
27	Independent	Executive and remuneration	4	12 years	Private
28	Independent	Technical and finance	2	5 years	Semi-governmental
29	Independent	Audit	1	2 years	Listed
30	Both	Nomination and remuneration and audit	6	20 years	Private
31	Both	Investment	2	4 years	Private and listed
32	Both	Renumeration	5	3 years	Private
33	Independent	Renumeration	1	8 years	Governmental
34	Independent	Audit and investment	5	11 years	Private and listed
35	Independent	None	2	5 years	Private
36	Non-independent	Executive	3	5 years	Private
37	Non-independent	Audit	8	5 years	Private
38	Independent	Audit	3	3.5 years	Private
39	Both	Nomination renumeration, risk and audit	2	11 years	Private
40	Independent	Audit and strategy	3	3 years	Private and listed
41	Non-independent	Executive	3	1.5 years	Private
42	Independent	None	1	1 year	Listed

Board independence was categorised as independent, non-independent, or both (when they are members of more than one board), denoting the participants' capacity to impartially perform their board duties. The board committee membership encompassed a diverse array of committees, such as audit, remuneration, investment, risk, human resources and strategy. The number of board appointments ranged from 1 to 8, illustrating the breadth of the participants' engagement in various boards. The levels of expertise and involvement among participants varied as their board experience ranged from 1 year to 20 years. The organisational types represented in the sample encompassed private, governmental, semi-governmental, and listed entities, reflecting the participants' varied experiences across a multitude of organisational structures. This heterogeneity of board characteristics and experience offered valuable insights into the participants' perspectives, enhancing the robustness and depth of the research analysis.

3.8.2 Main study analysis

The data analysis process unfolded through a series of steps. Various coding steps were employed to perform the thematic analysis of interview data. Transcripts were imported into the NVivo software, where they underwent an initial round of open coding (1st-order analysis). During this phase, the researcher meticulously examined the raw data and assigned descriptive codes. Initial coding was carried out based on broad categories, such as demographic information, experience, current board experience, contextual factors pertaining to the board/firm, diversity on the board, perspectives, ESG objectives and board of directors' resources. This process resulted in 87 initial codes. An inductive coding structure was developed, incorporating both NVivo-generated key phrases and assigned codes.

Afterward, another coding session was conducted that considered the participants' specific language and recognised crucial patterns that might be associated with the theoretical

underpinnings. Following several coding iterations, axial coding was initiated, wherein first-order concepts were amalgamated into second-order themes or consolidated categories. The researcher oscillated between data and concepts to comprehend the most conceptual and theoretical contributing factors pertaining to the perspectives of directors, ESG objectives, their motivations and the measures implemented to accomplish it. As a result of the final coding stage, inferences regarding board diversity and its influence on ESG objectives in the UAE were drawn by the researcher. Four major themes emerged from a comprehensive and inductive data analysis to shed light on the essential role of board diversity in achieving ESG objectives: (1) Social resources; (2) Knowledge resources; (3) Contextual resources; and (4) Community resources.

The following section introduces the pilot study executed in the context of this research, encompassing elite interviews with three board members. A pilot study was undertaken to evaluate the efficacy of the research design.

3.9 Chapter summary

This chapter has detailed the methodology to research the influence of board diversity on ESG objectives in the UAE. It has provided a workable definition of diversity and presented potentially applicable methodological theories. It has identified supporting studies, features, strengths, limitations and criticisms of several methodologies, while maintaining that RDT was ideal for this study. The chapter has also highlighted that the appropriate philosophical approaches for this study were constructivism and interpretivism. The chapter has suggested that the inductive approach was best suited for this study, as it begins with observations and develops theories based on those observations. The snowball sampling technique was proposed and a thematic approach was recommended for data analysis, ultimately helping to conduct a

conclusive study. Finally, the main research sample was delineated, accompanied by an examination of the pilot study findings.

Chapter 4 provides an in-depth presentation of the thematic analysis outcomes, which are concurrently examined in connection with pertinent scholarly works.

Chapter 4

ANALYSIS AND DISCUSSION

4.1 Introduction

The present chapter provides a comprehensive evaluation of the relationship between board diversity and the use of resources to accomplish ESG objectives. The research builds on resource dependency theory to analyse how board members in the UAE employ their diversified resources to accomplish ESG objectives. Four major themes emerged from a comprehensive and inductive data analysis to shed light on the essential role of board diversity in achieving ESG objectives:

Theme I. Social resources

Theme II. Knowledge resources

Theme III. Contextual resources

Theme IV. Community resources.

The themes derived from the in-depth data analysis were further organised into sub-themes. Using an inductive qualitative research method, the data was coded, grouped into sub-themes and integrated into the overarching themes. This chapter begins with the presentation of these themes to offer a logical development for the results and to construct a clear evidence chain contributing to theme development.

The themes are examined in relation to pertinent literature from a range of fields and theoretical perspectives, which support the investigated elements and enhance the discussion. The incorporation of multiple views and ideas enhances the comprehension of the relationship between board diversity and ESG objective achievement in the UAE. Each theme adds to a rigorous examination of the impact of board diversity on ESG objectives.

4.2 Themes development

Initially, 87 first-order codes emerged from the data analysis. However, after iterating between the literature, the theory and the data, the first-order codes were narrowed down to 24, leading to the identification of four overarching themes. The first theme, social resources, focused on the impact of social networks and connections on ESG objectives. This theme emphasised the significance of diverse networks and relationships that assist companies in using social capital to accomplish ESG objectives. The second theme, knowledge resources, elucidated the role of specialised knowledge and skills in advancing ESG objectives. This theme highlighted the need to have a diverse group of board members with a variety of knowledge and abilities to promote ESG activities.

The third theme, contextual resources, explored the influence of external factors and the broader business environment on ESG objectives. This theme emphasised the significance of examining the larger environment in which firms operate, and the role board diversity can play in navigating these contextual complexities to accomplish ESG objectives. Community resources, the fourth and final theme, examined the role of community participation and partnerships in promoting ESG objectives. This theme underlined the significance of incorporating varied stakeholders in ESG programmes, including community members and other relevant groups.

Each of these themes was examined at length, with a clear flow of evidence leading to theme creation, and was backed up by relevant literature from relevant fields. This chapter demonstrates the importance of board diversity in pursuing ESG objectives in the UAE and identifies the many resources board members may use to attain these objectives. Overall, this research sheds light on the complex relationship between board diversity and ESG objectives fulfilment and offers significant insights for organisations attempting to advance their ESG outcomes. Figure 3 offers a summary of the themes, sub-themes and first-order codes.

Figure 3: First-order codes, second-order themes and aggregate dimensions

First order codes	Second order themes	Aggregate dimensions
• Senior networks • Experts • Government networks • International networks	Networks	
• Work-based contacts • Educational-based contacts	Functional diversity	**Social resources**
• Synergies • Applicability	Skills	
• Occupation • Study	Cognitive diversity	**Knowledge resources**
• Age • Gender • Ethnicity	Demographic diversity	
• Role model • Cultural flux • Policy implementation	Culture	
• Silent giving • "For the sake of Allah" • Avoidance of harm	Religion	**Contextual resources**
• Geographical proximity • Nationality diversity	Geographic diversity	
• Community representation • Government representation • Youth representation	Representation diversity	**Community resources**

In the following sections, the four themes are examined in detail, with excerpts from interviews and other literature providing support and analysis.

4.3 Theme I. Social resources

The importance of ESG objectives has increased in recent years, as businesses try to be more responsible for the environment and their communities (Birindelli *et al*., 2018). To attain these ESG objectives, the board members of an organisation play a critical role in steering the company in a proper direction (Friede *et al*., 2015). Research has shown that a director's ability

to achieve ESG goals may be influenced by his or her social network (Downing *et al.*, 2022). RDT (Pfeffer and Salancik, 1978) may help us understand how these connections might be used to increase a business's ability to achieve ESG objectives. The theory posits that businesses need resources to succeed (Hillman *et al.*, 2009). Therefore, to achieve its goals, a board may make use of its social resources by engaging with members of relevant professional networks (Harjoto and Wang, 2020). Research on diversity has found a number of resources that can come from diversity. Those with a wide range of professional experiences on the board, for instance, may use existing connections to further organisational goals (Goyal *et al.*, 2019).

The first theme of the research explored the social resources accessible to board members for accomplishing ESG objectives. This theme comprised two distinct sub-themes that provided a comprehensive assessment of the available resources to board members. The first sub-theme, titled 'Networks' (4.3.1), focused on board members' access to various networks. Within this, there were four first-order codes to explore the different network types they can access, including 'senior networks' (4.3.1.1), 'expert networks' (4.3.1.2), 'government networks' (4.3.1.3), and 'international networks' (4.3.1.4).

These codes provided a nuanced analysis of how various networks may assist board members in achieving ESG objectives. The second sub-theme, 'Functional Diversity' (4.3.2), investigated the impact of diverse work and educational backgrounds on the board's capacity to fulfil ESG objectives. Two first-order codes examined the resources gained through these connections: 'work-based contacts' (4.3.2.1) and 'education-based contacts' (4.3.2.2).

The conclusion of Theme I provides a summary of the significant findings and insights gathered from the board interviews (4.3.3 Summary of Theme I). Based on board interview data, this summary provides a detailed picture of the significance of social resources in accomplishing

ESG objectives. The second-order themes, first-order findings and illustrative quotations are listed in Appendix 2.

4.3.1 Networks

An increasing number of scholars and business leaders acknowledge that boards of directors are crucial to achieving ESG goals (Arif *et al*., 2021). The relevance of social resources, notably networks, in accomplishing these goals has been underscored by researchers (Harjoto and Wang, 2020). Board networks, as defined by degree, proximity, eigenvalues, betweenness and information centrality, were shown to positively affect firms' ESG performance (Harjato and Wang, 2020). Resource dependency theory emphasises the need for external connections and resources for businesses to attain their objectives (Pfeffer and Salancik, 1978). According to this notion, firms depend on external resources to meet their objectives and obtain a competitive edge (Hillman *et al*., 2009). Following this approach, this sub-theme investigated the role of networks in achieving ESG goals from the perspective of board members.

4.3.1.1 Senior networks

Senior networks play a crucial role in strategic processes (Collins and Clark, 2003). They provide greater access to resources (Booth-Bell, 2018), aid in building connections (Edelman *et al*., 2004), offer opportunities for collaboration (Walter *et al*., 2007) and may enhance reputation and credibility (Preston, 2004). Participant 12 suggested that, through using personal connections, people may create strong relationships with important stakeholders, enhancing their capacity to exert influence for the resources they require:

> *The goal is to build a senior support network on which you may draw when you need*
>
> *help. If you don't already have such a system in place, perhaps you know someone who*

does. If they're working on a social or environmental initiative, we may approach them

about joining our efforts. That's how things work in Dubai. (Participant 12)

The participant discussed approaching someone working on a social or environmental cause and collaborating with them. This highlights the significance of connections in facilitating access to resources. The participant mentioned 'joining our efforts', which suggests collaboration between several individuals or organisations. By combining skills, information and resources, collaboration may increase access to resources and assist in accomplishing ESG goals. A senior support network may strengthen a person's reputation and legitimacy (Preston, 2004), resulting in stronger support for their ESG efforts and better access to resources. The participant stated, 'That's how things work in Dubai', meaning that this is a commonly acknowledged and effective strategy.

Membership in professional bodies may boost an individual's access to networks and resources (Spence and Schmidpeter, 2003), which can assist in achieving ESG goals by providing access to relevant senior networks and by facilitating partnerships and collaborations (Walter *et al.*, 2007). For example, Participant 19, a Fellow of the Institute of Corporate Responsibility in the UK, discussed access to a global network of individuals:

Using the board members' connections is a key motivation for recruiting them. I'm a

fellow of the Institute of Corporate Responsibility in the UK, so I have access to a global

network of thousands of people, including many at the highest levels of business. This

came in handy recently when we were discussing CSR and developing a programme to

encourage ethical behaviour among companies. For this reason, I was able to use both

its resources and relationships in order to acquire the expertise and recruit the essential

experience for the board. (Participant 19)

Participant 19's access to a senior network provided the board with a valuable resource, allowing them to establish the necessary network to build a programme that supports ethical behaviour among firms. The relevance of the board members' network in achieving ESG objectives by providing them with access to critical resources is emphasised. Senior networks may be used for access to capital (Alexy *et al.*, 2012) and credibility (Preston, 2004). Participant 15 discussed the benefits that senior partners may provide to an organisation, including financial support:

> *We have access to senior partners; we attempt to get them to participate in an event as a sponsor, for instance, by assisting children on occasion. And we observe that after they work with us on a single project, they ask to be long-term partners on other projects.*
> (Participant 15)

Senior partners like those described by Participant 15 are a major source of support for the company, both monetarily and in terms of credibility. Due to this, the company has been able to establish a solid foundation of partners that share and are invested in its ESG goals. The senior partners' decision to remain involved with the organisation beyond the first project's scope indicates the efficacy of relational embeddedness in resource acquisition (Tsai and Goshal, 1998). An organisation's ability to achieve its ESG objectives is constrained by its ability to obtain the resources it needs, which necessitates its participation in transactions with other individuals and organisations (Li *et al.*, 2021). The visibility and credibility of the company benefit from the senior partners' participation in ESG efforts (Labib and Robert, 2014).

There are several ways in which access to senior networks may contribute to the formation and achievement of ESG goals. The senior level of a network may give not just seniority but also influence and control over business decisions (Augosto *et al.*, 2014). In particular, investors may act as gatekeepers to vital resources, such as capital (Alexy *et al.*,

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2012). Participant 32 highlighted how access to impact investors provided them with the required capital to accomplish ESG goals and offered access to expertise and resources that could also assist them in the creation of ESG-friendly business models:

> *A large network of impact investors is at my disposal. Hence, when I meet with entrepreneurs, I do everything I can to assist them in developing a business strategy that is ESG-friendly and, therefore, more likely to attract funding. For instance, I advised the pioneers of a meal delivery service on how to create a business model that would employ older women who would otherwise not be able to support themselves financially while also providing them with access to environmentally friendly ingredients. It considers women's empowerment and nutritious eating.* (Participant 32)

Participant 32 emphasised the importance of board members in advising and steering businesses towards ESG standards. For example, the board member described guiding a food delivery service on how to develop an environmentally friendly and women's empowerment-friendly business strategy. This demonstrates how the board member's access to senior networks may assist organisations in integrating ESG considerations into their business plans. In line with RDT (Pfeffer and Salancik, 1978), board members' access to senior networks allows them to influence the actions of entrepreneurs and contribute to the general integration of ESG objectives in the businesses they advise.

Access to senior-level networks may be significantly outside the scope of ESG goals. They have the potential to accelerate transactions and resolve problems (Baker and Dutton, 2007). Participant 33 discussed a circumstance beyond ESG in which access to senior networks was advantageous:

If the organisation attempts to acquire a manufacturing line or the like, it may run into trouble with a government agency or a private company. So, in this case, if there is a board member who knows a contractor or the owner, they can call that person and ask where's the hold-up and have things running smoothly. (Participant 33)

Networks may be critical to firms in avoiding obstacles. If a board member has access to senior networks, they may utilise their ties to alleviate any potential conflicts. Networks not only assist boards in gaining resources that aid their achievement of ESG objectives, but also help the ESG goal attainment run more smoothly.

4.3.1.2 Government networks

There are several ways in which government connections might assist a board in accomplishing its ESG goals. First, having personal ties with government bodies may offer the board power in swaying legislation and regulations (Pfeffer, 1972) pertinent to ESG goals. This power may assist the board in making decisions regarding ESG efforts and ensuring legal compliance (Yan and Chang, 2018). Second, having a board member with government ties may promote more effective communication and negotiation with government bodies (Hillman, 2005), particularly when collecting permits, licences and approvals for ESG-related projects. Third, government networks may assist the board in establishing contacts with public-private partnerships and collaborating on ESG initiatives, resulting in a bigger effect and more resources devoted to ESG goals (Zhou *et al.*, 2022).

Directors would be able to effectively negotiate the appropriate processes and perhaps impose regulations (Yan and Chang, 2018) to achieve their ESG goals if they had government connections. By accessing these contacts, directors could leverage relationships and access resources that can assist them (Hillman, 2005). Participant 26, who was in the midst of obtaining

an electric bike franchise that corresponds with ESG aims of minimising environmental impact, emphasised the significance of government networks for attaining ESG goals:

> *I run an electric bike franchise. It is the perfect answer for decreasing noise and air pollution. However, I am now engaged in the procedure necessary to acquire this successfully via the government contact. In order to take this forward, I need to make use of my contacts; I have to find another person who cares about it in those positions, and now we may have to impose rules*. (Participant 26)

Participant 26 acknowledged the need for government assistance to launch their ESG-friendly product and eliminate any obstacles. By having government connections, they are able to leverage relationships and gain access to resources that may assist them in effectively navigating the required processes and possibly imposing regulations to advance their ESG aims. Access to government networks, particularly those in positions of authority and decision-making, is essential for effectively promoting and implementing ESG policies. Utilising government connections, Participant 30 explained efforts to develop a waste management policy, especially the collecting and recycling of paper waste, in the UAE:

> *Our paper recycling centre is a positive step for the planet. We have been working to stop the export of waste so that we can collect and recycle it. But this has not been simply because we operate under a free market. We had to persuade people of the advantages to the UAE if this were to be done, and the disadvantages of the policies of other countries. After three or four years of lobbying and using my connections in government, they successfully implemented the policy*. (Participant 30)

This demonstrates the interplay between RDT and the significance of social ties and networks in realising ESG goals. According to RDT, firms rely on external resources, such as government

laws and regulations, to attain their objectives (Pfeffer, 1972). In this instance, the participant's connection to government networks was crucial for influencing the policy decision-making process and achieving the intended result. Social connections and networks may play a crucial role in accomplishing ESG goals (Harjoto and Wang, 2020), especially in politically charged and complex contexts.

Firms confront difficulties in negotiating complicated regulatory regimes and the time and tenacity necessary to accomplish ESG goals. The scenario also demonstrates the power dynamics at play in these interactions, as the participants' government ties were used to obtain their intended goal. This underscores the significance of strong government networks (Pfeffer, 1972) and the necessity for deliberate and successful lobbying activities for firms aiming to accomplish ESG goals. Participant 13 highlighted the significance of well-connected board members, particularly those with government networks, in achieving ESG goals:

It helps to have a very well-connected member on the board, especially someone with government networks that can assist you in getting in the door if you need to fight for specific legislation, policies or changes to your policies. (Participant 13)

This illustrates that having these relationships might ease access to government decision-makers and provide the necessary power to advocate for legislative changes that are consistent with ESG objectives. These networks may aid in overcoming obstacles and increase the likelihood of success when lobbying for policies that have a favourable effect on ESG. Government networks are crucial in creating a business-friendly ESG atmosphere. Members of the board who have connections in government may act as intermediaries, easing the company's efforts to deal with regulators and perhaps even shaping policy (Hillman, 2005).

Beyond the promotion of ESG business models through regulation, there are many more uses for having connections in government. Participant 42 commented on how government networks may be used to report unethical behaviour to authorities and to streamline necessary procedures:

> *In this part of the globe, permissions are required for some activities, such as social events. When it comes to humanitarian efforts, we sometimes need to go through the proper procedures, such as when we distributed hot meals and other supplies during the lockdown with the help of government connections. Also, using your connections in government, you may alert authorities to detrimental behaviour, such as harmful worker practices, prompting the establishment of legislation to prohibit it.* (Participant 42)

Connected board members are necessary for the achievement of ESG targets. Having governmental ties opens many doors, including requesting permission for social events. These networks may also be put to use in disaster relief to speed up the delivery of supplies, such as food and medication to people in need. Such ties may also be crucial in shedding light on detrimental activities, which can help pave the way for legislation to regulate and prohibit them. There are many ways in which the company might benefit from having government contacts. When the government is thinking about implementing anything new, the board may be the first point of contact, meaning that the board may direct the network in whichever direction it sees fit. Commentary from Participant 39 explained this:

> *They have to make use of such connections. For example, the government regulator often consults with them, asking questions and receiving answers. Ideas for corporate growth, or anything else of value, might be shared with the board. In order to get a sense that, yes, this is going to happen, you speak to individuals in government. In that time frame, it*

will occur. To take advantage of any possible chances, a company must first put itself in a condition of preparedness. (Participant 39)

It is suggested that having government networks may shed light on the regulatory landscape and help them achieve sound decisions. Contact with the right government personnel might also increase confidence that the desired outcome is likely to occur. Government networks can play a crucial role in driving initiatives and securing approvals, helping to realise ESG objectives. It is important to always be prepared to make the most of any possibilities that present themselves.

4.3.1.3 Experts

Board members with access to a network of ESG experts can help ensure that the organisation stays in compliance with the ever-changing ESG standards and regulations while leveraging their expertise to identify potential investments that meet ESG criteria. Environment, social and governance is a relatively new and rapidly growing field that requires specialised knowledge and experience to properly understand and evaluate it (Zaccone and Pedrini, 2020). Participant 27 argued that it is essential for board members to network with individuals who have more experience and knowledge in this field:

ESG is a modern field. It has recently gained a lot of attention, particularly in this region of the globe. It's crucial that you network with individuals who have advanced far ahead of you in this field, whom you may utilise. You should reach out to and build relationships with individuals who can significantly shorten the learning curve in this area. You can bring in the necessary expertise to the board; you may use your network to contact the appropriate individuals. (Participant 27)

Participants in the study noted that ESG is a relatively young and expanding field and that board members must therefore network with individuals who have more experience and expertise in

this field. By establishing networks with professionals, board members may shorten their own learning curve and offer the board appropriate expertise, aiding the accomplishment of ESG objectives (Rafi, 2022). The participants advocated that board members should actively seek out specialists, create relationships with them, and utilise their networks to engage the relevant network to help them in advancing their ESG goals, therefore increasing the firm's resources.

A network of specialists in the field might be advantageous for a variety of reasons. One advantage is there could be someone to reach out to in an emergency who can provide advice and direction on minimising the likelihood of adverse ESG consequences. Adverse ESG consequences include environmental harm, social inequities and a lack of CG practices (Ma'ruf *et al.*, 2021). One participant discussed their response to an urgent environmental issue:

> *We previously faced an urgent environmental issue that required immediate attention. Fortunately, I was able to address the problem with the help of a specialist who flew in from Dallas within the span of a day. Because of the relationships I had made in the ESG field, we helped prevent a really bad environmental disaster*. (Participant 31)

According to RDT (Pfeffer and Salancik, 1978), this is a considerable gain since it decreases the number of necessary resources and related costs. This may significantly minimise reliance on other companies that would have had to be contracted to resolve the issues. Working with such experts may be a cost-effective and efficient strategy to manage ESG risks, given that a board member has already formed a connection with them and is acquainted with their processes and procedures. In addition, it may be used to determine the advantages of certain ESG initiatives:

> *Because, as I said, most board members lack expertise in environmental and social issues, the need to have specialists on board is utmost. The network is crucial for*

bringing people who can attest to the benefits of such investments. Sometimes, business

justifications are necessary. (Participant 10)

By having industry relations, the board may use its network for benchmarking, requesting guidance, and locating service providers for ESG initiatives. Participant 9 provided an example of how they used their expert connections to guarantee their project complied with environmental requirements by connecting with an organisation that specialised in environmentally friendly constructions:

I believe networks are quite crucial, particularly if they are in the ESG industry. In

addition, if you have industry connections and a seat on the board, you may suggest firms

to benchmark against, reach out for advice, and even utilise as service providers to get

started on ESG projects. Indeed, it is of paramount significance. There was a group in

Dubai known as [—]. They are responsible for instructing architects, contractors, and

property owners on how to create environmentally friendly structures. And so, I recall

having our consultant get in touch with them so that we could guarantee that our

structure met all environmental regulations. (Participant 9)

The necessity of industry ties for assuring compliance with environmental rules is further emphasised, which is another important resource that may help the firm accomplish its ESG objectives. With access to these networks, the organisation is able to efficiently traverse the regulatory environment and ensure that its initiatives comply with applicable rules and regulations. Particularly when it comes to making progress toward ESG objectives, the breadth and depth of an individual's professional and social networks may be a decisive factor in their success:

The breadth and depth of your professional and social networks—both locally and globally—can make or break your success in any given circumstance. It is crucial to know experts if you ever want to accomplish your ESG goals. As a result, your network is crucial for achieving your ESG goals, particularly if they do not involve hurting one person in order to help another. (Participant 21)

To successfully achieve ESG objectives, it is suggested that board members should cultivate a robust network to locate the appropriate individuals who can assist in furthering ESG objectives. The value of establishing a professional and social network is highlighted even more in the context of ESG objectives that do not include trade-offs or adverse effects for a group or person to benefit another. Participants commented on the value of networks that facilitate ESG objectives without producing conflicts or detriment to stakeholders.

4.3.1.4 International networks

Access to a broader range of expertise, experiences and resources is made possible through having broad networks (Ibarra and Hunter, 2007), which may be crucial for accomplishing ESG goals. Challenges in ESG areas may vary by location or country but may be better understood and addressed with a global and multifaceted approach (Boffo and Patalano, 2020). Global ESG activities may be better implemented with the assistance of international networks that promote the development of international partnerships and collaborations and the dissemination of effective practices (Nooteboom, 2003; Alvarez *et al*., 2009). Utilising such networks may also aid in guaranteeing adherence to various international norms and guidelines (Boffo and Patalano, 2020). One participant acknowledged the significance of having individuals from other countries in their network and recognised their network is a resource that makes their life easier:

I am a living network. With all these networks, I know individuals all over the globe, from Japan all the way to Argentina. These people are a great asset, and I need a network that makes life easier. Clearly, in government and the private sector inside the nation, there are areas where the board needs assistance to ensure that operations are running well. You must recognise both. Therefore, both worldwide and domestically, networks are crucial. (Participant 16)

When running an international business, it may be even more important for the board to have connections in other countries. Participant 34 underscored the necessity of board members possessing local and international high-level contacts to successfully interact and collaborate with multinational organisations and global buyers:

Depending on the board, for instance, in [—], we must be more global than local. Therefore, if you want to be global, you need management of the highest level who can communicate with international organisations, such as the United Nations, global buyers, and organisations like them. Therefore, you need very high-level connections and global expertise. Therefore, in the case of this firm, you must be a local or multinational individual with worldwide exposure. (Participant 34)

Members of a board of directors may benefit greatly from having networks at their disposal since doing so facilitates communication, resource sharing and teamwork, all of which are crucial to the successful completion of their goals (Nooteboom, 2003). Collectively, the ties and networks of the board members may offer value on several scales, from the local to the regional to the global. When board members combine their resources, the organisation benefits from increased access to useful information and tools (Hillman, 2009). One board member reflected on how they

might best serve the interests of the boards they sit on by tapping into their large international network:

> *Each member of the board of directors has a unique set of relationships and networks. Therefore, it adds value locally, regionally, and worldwide. Well, as a result of my prior employment, I have an extensive international network. This is my region, and I'm attempting to provide my network to the existing boards I belong to.* (Participant 13)

Accessing the knowledge and resources of foreign relationships might provide deeper insight into the numerous ways ESG initiatives should be followed, helping to guarantee that the firm is working globally (Boffo and Patalano, 2020). As Participant 18 stated: '*Geographical market network importance is crucial. This is especially critical if you want your impact to be global and not simply local*'. The participant recognised that to have a greater and more far-reaching influence, it was essential to broaden one's network beyond one's local network and into the global market. By establishing a network that spans various geographies, an individual may have access to a greater variety of resources, information and skills, which can assist them in achieving their ESG goals on a bigger scale.

4.3.2 Functional diversity

Diversity in terms of directors' educational and professional backgrounds is what is meant by 'functional diversity' on the board (Goyal *et al*., 2019; Bunderson and Sutcliffe, 2002). This sub-theme extends our examination of social resources by focusing on the contacts that directors bring with them from their various work and educational experiences. Directors with a wide range of professional and personal experiences may bring new perspectives and networks, which can help shape choices with far-reaching effects on ESG goals.

4.3.2.1 Work-based contacts

Board members with a wide network of professional connections have a greater pool of knowledge and experience from which to draw when making decisions (Harjoto and Wang, 2020). The board's ESG activities are more successful and have a greater impact, and the board's ESG goals are more informed by the latest thinking and best practices in the sector. Participant 25's background in environmental firms allowed them to have connections to a worldwide network of sustainability analytics, or ESG investors and ESG analysts, which allowed them to propel ESG adoption inside a specific organisation:

> *Because of my background in environmental firms, I was able to drive ESG implementation at [—] in 2018. Since I have access to a wide variety of ESG analysts and sustainalytics, or ESG investors on a global scale. By building these relationships and analysing their criteria, I informed the board of directors of the best practices and areas where they should focus.* (Participant 25)

The participant's experience working with environmental companies emphasised the need of being well-versed in ESG issues. The extensive knowledge of the subject allowed them to successfully tap into their professional network and provide insightful recommendations to the board of directors. This shows that it might be beneficial for board members to have appropriate expertise and knowledge in ESG so that they can successfully leverage their network to achieve their ESG objectives. Since the participant was dependent on outside resources (ESG experts and investors) for the success of the organisation's ESG initiatives, this may be seen as a type of resource dependence (Pfeffer and Salancik, 1978). By utilising these resources, the participant was able to draw the board's attention to best practices and priority areas. This emphasises the necessity of inter-organisational networks and connections (Baraldi *et al.*, 2012) for firms striving to attain ESG goals.

The more an organisation has access to a variety of resources and players, the better positioned it is to address problems and opportunities (Baraldi *et al*., 2012). In this situation, a board with diverse experiences and networks may give access to a broader spectrum of ESG specialists and stakeholders, resulting in improved decision-making and more impact in reaching ESG goals:

> *Our board members come from a variety of backgrounds and professions; they each*
>
> *bring their unique set of perspectives, networks and communities to the table. That may*
>
> *help in a variety of ways to achieve ESG objectives. If there were, say, five accountants*
>
> *on the board and each knew five more and ten more, it's possible that they'd all leverage*
>
> *their connections to aid with the governance part of ESG while ignoring the social and*
>
> *environmental parts. But I believe you'd get a lot more out of a group if you included*
>
> *people with a variety of backgrounds and connections*. (Participant 3)

Participant 3 claimed that having a board composed of persons from various backgrounds and occupations can result in a more well-rounded strategy for accomplishing ESG goals. The participant believed that if all board members were accountants, they would likely concentrate largely on the governance component of ESG. However, incorporating people with diverse experiences and connections would enable a more comprehensive and successful approach to ESG. Having diverse viewpoints and networks at the table might result in a more efficient approach to accomplishing ESG goals. Participant 17 explained how expertise in a certain field and access to a network of experts and resources in that field might be advantageous:

> *The firm is undergoing significant change at the present time. Swapping out the bank or*
>
> *credit union for a leasing firm. The next steps include a full rebranding, a new digital*
>
> *platform, and app development. So, yes, I have experience with it. Also, I collaborate*

with experts in this field. That's why I'm in a position to not only bring IT specialists, consultants, and ideas to the table, but also to put them in touch with the resources by which they may put those ideas into action. (Participant 17)

By bringing in IT professionals, consultants and ideas, the participant was able to contribute to a firm through a major transformation. They could utilise their network to execute these ideas, functioning as a bridge between the experts and the necessary implementation resources. This demonstrates the importance of having a large and diverse professional network for success since it provides access to specialised resources (Harjoto and Wang, 2020). One director discussed the value they bring in terms of their contacts in the field:

In terms of relationships, I am the most prominent individual. So, in banking, we have thousands of customers as relationships, and we categorise them by industry: aviation, shipping, oil, gas, power and infrastructure. So, we have all these contracts and industries. What I can offer a firm is, first and foremost, an awareness of the different sectors and the relationships we have in those industries. This is what I can provide from my own experience. (Participant 21)

The participant explained how their work in banking helps them develop networks in several sectors. Thus, they proposed that their broad network may assist them in bringing resources to the board they serve on. They may provide valuable insights and connections in various sectors, therefore facilitating the organisation in achieving its goals (Walter *et al.*, 2007). This illustrates the relevance of network centrality on the board and how the organisation may benefit from the use of resources that result from it (Harjoto and Wang, 2020).

4.3.2.2 Educational-based contacts

Contacts may be accumulated as a result of one's wide educational background (Butler and Gurun, 2012), whether the board member studied abroad or in a specialised field. It is possible that a board member's experience level with a certain issue may affect the board's decision-making (Nielsen and Huse, 2010a). One contributor discussed the value of having people with different educational backgrounds on the board and how it might affect how they go about accomplishing goals:

> *I studied environmental health in college. As a result, I find it quite enjoyable whenever somebody brings up the topic of the environment. For instance, I am involved with many others who are interested in environmental preservation because of their membership in the [—] organisation. If we ever have an ESG-related requirement, we can tap into a big pool of specialists. I have accumulated quite a number of contacts.* (Participant 39)

The participant argued that, by having access to these education-based relationships and networks, they may tap into a pool of ESG-related expertise. This shows that having board members with a diversity of education-based connections may aid an organisation in addressing ESG concerns and achieving its goals. The contrast between education-based and other types of social connections and networks is significant because it highlights the significance of specialised knowledge and expertise in accomplishing ESG goals (Rafi, 2022). An individual's perception of networking can be influenced by their education (Hall, 2011). Participant 36 discussed their experience studying in the UK and how it taught them to be more receptive to forming connections than the older generation, who depend on family ties:

> *That is how one accomplishes tasks. You do not work or do anything alone. No, you must know individuals. I learned this throughout my master's programme in the UK. It is far more well-known among internationals than among locals. Arabs rely on familial bonds.*

Whether they consider networking depends on their available resources. My master's degree in the UK taught me to be receptive when I am approached, and I like reaching out to others for a reason. I am not opposed to it. However, if you look at the older generation, they avoid it. They will ask, 'Who among our connections knows this person?' They would not go there and approach someone. (Participant 36)

The acquaintances gained in school may serve as a beneficial and broad network of connections for people and organisations. One participant noted that many of their academic acquaintances had entered creative and technology-focused industries, providing them with access to a network of tech-savvy persons who can help with jobs and projects:

I would say that a lot of my friends from my schooling have gone into the newer sectors that exist now, so I have a lot of contacts with extremely inventive, tech-savvy individuals who assist me with specific tasks when we lack that expertise inside. We collaborate on projects and activities. (Participant 26)

This highlights the significance of a diversified education-based network, as it may give access to information and experience that may not exist inside the firm. The participant noted collaboration on projects and activities demonstrating that their network is not just a source of knowledge but also a tool for action and execution. The results are consistent with RDT, which posits that organisations are resource-dependent on their external environment (Hillman *et al*., 2009). In this case, Participant 26 depended on their relationships to offer them technological and innovative skills. The participant's network of connections offered the essential resources to compensate for the lack of internal knowledge and aid in the accomplishment of their objectives. This is consistent with RDT (Pfeffer and Salancik, 1978), which emphasises the need for access to a range of networks to achieve the objectives on the board.

4.3.3 Summary of Theme I

The present theme was focused on the significance of social resources in accomplishing ESG objectives. The first sub-theme analysed the importance of networks in attaining ESG objectives, followed by a more in-depth examination of how senior networks, government networks, international networks and experts play significant roles in achieving ESG objectives. Senior networks give access to resources, collaboration possibilities and a boost to reputation and credibility, which are essential for accomplishing ESG goals. Government networks provide the ability to influence laws and regulations, engage in effective dialogue with government agencies and collaborate on ESG projects. Expert networks facilitate compliance with ever-changing ESG legislation and standards and offer specialised expertise for assessing ESG investments. International networks provide more extensive impacts, demonstrating that expanding networks beyond local networks and into the global market is necessary.

The second sub-theme examined the idea of 'functional diversity' in terms of diversity in directors' work-based and education-based contacts and its influence on an organisation's ESG objectives. It emphasised the significance of directors possessing a vast network of professional and educational contacts, which may offer fresh ideas and networks to the board, influencing decisions and boosting the performance of ESG efforts. This finding highlights the importance of relationships and networks in business, as a board with a wide range of backgrounds and connections may lead to a more significant influence on ESG objectives.

The following section investigates and elaborates on Theme II, which addresses the various knowledge resources.

4.4 Theme II: Knowledge resources

ESG objectives are gaining relevance in today's business environment (Pérez *et al*., 2022). Implementing ESG objectives requires a broad range of knowledge for board members to successfully handle business problems (Wang *et al*., 2022). The second theme focused on the knowledge resources available to board members for achieving ESG goals. By analysing skills, cognitive diversity and demographic diversity, this theme evaluated the available knowledge resources for board members. Through the analysis of interview data the theme offered insight on how various backgrounds, skills and demographic factors may contribute to the accomplishment of ESG objectives.

This theme was composed of three distinct sub-themes that provided a comprehensive assessment of the available resources to board members. The first sub-theme, 'Skills' (4.4.1), focused on the board members' ability to identify, apply and create synergies with the various skill sets on the board. Within this sub-theme, two first-order codes were developed to investigate the pertinence of skills, namely 'Synergies' (4.4.1.1) and 'Applicability' (4.4.1.2).

The second sub-theme, 'Cognitive diversity' (4.4.2), investigated the impact of the skills gained from diverse occupational and study backgrounds on the board's capacity to fulfil ESG objectives. This sub-theme consisted of two first-order codes: 'Occupation' (4.4.2.1) and 'Study' (4.4.2.2), which explored the resources that may be gleaned through these skills.

The third sub-theme, 'Demographic diversity' (4.4.3), focused on the impact of demographic diversity on the achievement of ESG objectives. This sub-theme comprised three first-order codes: 'Age' (4.4.3.1), 'Gender' (4.4.3.2) and 'Ethnicity' (4.4.3.3).

The conclusion of Theme II provides a summary of the significant findings and insights gathered from the board interviews (4.4.4 Summary of Theme II). The summary provides a detailed picture of the significance of knowledge resources in accomplishing ESG goals,

including board interview data as supporting evidence. The second-order themes, first-order codes and illustrative quotations are listed in Appendix 2.

4.4.1 Skills

To ensure the board can successfully leverage its combined strengths, the board must have a complete understanding of the range of available capabilities (Macus, 2008; McIntyre *et al*., 2007). Board effectiveness is determined by more than simply the possession of requisite abilities. It is also determined by how those abilities are used (Valenti and Horner, 2019). This sub-theme focuses on how the board makes use of each member's particular set of skills. It seeks to ascertain if various skills are valuable and whether board members have discovered opportunities to put such skills to use. For instance, does the skill set encourage board-level efficiency or enable the efficient achievement of ESG goals? The first-order codes, 'synergies' and 'applicability', investigate how board members have used their skills in various fields and whether or not this has improved the firm's ESG objectives.

4.4.1.1 Synergies

RDT proposes that organisations rely on resources to accomplish their goals (Pfeffer and Salancik, 1978). Knowledge resources (Hillman, 2005; Berezinets *et al*., 2016) may play a vital role in assessing the efficacy of ESG activities within the framework of a diverse board. With the increasing need for responsible and sustainable practices, having access to the appropriate resources may aid organisations in implementing ESG objectives efficiently (Harjoto and Wang, 2019). By having board members with varied skill sets, businesses are able to delve into a greater variety of sectors and use a larger pool of experience, knowledge and resources (Beji *et al*., 2021). Participant 2 emphasised the significance of board member skills and how variety in skill sets may result in increased participation and accomplishment of ESG objectives:

> *Skill on the part of board members is very helpful. Gaining these skills will increase the*
> *number of individuals who can contribute to environmental and social initiatives. The*

more diverse our skill set, the greater our access to many industries would allow for more engagement in that field. The ability to see where your existing expertise, knowledge, and resources intersect with ESG is a valuable asset. (Participant 2)

The participant emphasised that a diversified skill set among board members enhanced their capacity to contribute to ESG activities and connect with different businesses. The notion that the confluence of current skills, knowledge and resources with ESG objectives is useful is consistent with the resource dependence hypothesis, which implies that organisations rely on resources to accomplish their objectives (Hillman and Dalziel, 2003). The different skills of board members might be seen as a beneficial resource for attaining ESG goals. The participant indicated that diverse skill sets might give synergy prospects across sectors and viewpoints, resulting in a stronger awareness of and capacity to accomplish ESG goals. One board member put a high premium on skills, indicating that they are a significant element of a board's achievement:

When it comes down to it, I believe that skills are what matter most. If you don't bring anything different to the table, you have no business being on any board. Rather than acquiring that knowledge from outside the company, you may make use of leverages emerging from the diverse skill set on the board to achieve your goals. (Participant 18)

According to RDT, Participant 18 raised two intriguing arguments. First, the participant began by promoting the utilisation of skills as an internal resource. Before pursuing external resources, the participant suggested organisations should utilise internal resources, such as the diverse skill set of the board. Utilising internal resources would reduce dependence on external resources (Pfeffer, 1972). Second, the participant discussed the significance of individual board members bringing diverse skills to the board. This aligns with RDT, which posits that firms could benefit

from having access to a diverse set of resources to draw upon (Hillman *et al.*, 2000). One participant stressed the significance of complementing skill sets across the board to maximise synergy and minimise conflict:

> *The collective knowledge of a board benefits from its members' varied skills. It's not possible to bring in all that's needed when you're only one person. For this reason, the board members need to have complementary skill sets. Without diversity of opinion and skills, problem-solving discussions are more likely to devolve into a heated debate.*
> (Participant 27)

The participant noted that a single individual cannot bring all the essential skills and knowledge, making it imperative that board members possess complementary skill sets. With this diversity, board members may use the totality of their skills to address challenges, avoiding conflicts that might hinder successful decision-making. This concept is reinforced by RDT, which asserts that organisations are more likely to flourish when they have access to a range of resources and can successfully manage interdependence (Pfeffer and Salancik, 1978). A diverse board with complementary skills may enhance collaboration and decision-making (Bear *et al.*, 2010), contributing to the organisation's success in attaining its ESG objectives.

4.4.1.2 Applicability

The resource dependence framework argues that, for an organisation's continued existence and growth, resources are necessary (Pfeffer, 1987). Researchers have claimed that a firm may rely on a diversified board of directors to lessen its reliance on external resources (Pfeffer and Salancik, 1978). Previous literature has asserted that the presence of diverse skills on a board may enable firms to achieve ESG goals more successfully (Harjoto *et al.*, 2015). By recognising the applicability of diverse skill sets a board can attain the organisation's objectives and manage

risks including ESG issues (Arayssi *et al*., 2016). Therefore, RDT points to the potential benefits that can be derived through improved resource acquisition and utilisation. It is important to note that the usefulness of board diversity may be restricted if members are unable to successfully apply their skills to an ESG setting. One participant argued that directors lack the capacity to apply their existing knowledge to ESG and conceded this problem is not unique to ESG but rather a general lack of skill and competence among board directors:

> *Many boards' adoption of ESG strategies is sluggish due to a lack of skills. They don't know how to translate their expertise to ESG issues. However, I feel it's important to be honest, and acknowledge that in reality, board directors lack many talents, including being competent directors*. (Participant 39)

In the context of the participant's board, the inapplicability of ESG-related skills could be interpreted as a dependence on external information and skill resources. The claim that many board directors lack a variety of competencies, including the ability to serve as effective directors, underscores the possibility for businesses to rely on external connections for important skills and abilities. This dependency on external resources may impede the adoption of ESG practices since firms may lack the internal ability to interact with ESG issues effectively. A board that is unable to recognise the application of their skills would overlook opportunities to minimise transaction costs and miss ESG opportunities that may be accomplished by utilising internal skill sets. On the other hand, Participant 9 recognised the value of 'business sense' or 'gut' as a beneficial attribute for board members:

> *One of the most valuable traits someone may possess is a business sense or GUT. For the most part, I trust our board's gut instincts. We contemplate how best to put our current assets to use in order to accomplish our aims. That implies we are always sensing in*

which direction are we now heading? Asking whether we're making progress

appropriately. To put it simply, we are not afraid of change. Our goal is to be the

industry standard in everything that we do, including ESG. (Participant 9)

While external networks may provide potential resources for a variety of expertise, the concept

of 'gut' cannot be outsourced. The participant was confident in the board's ability to follow its

instincts when allocating resources to advance the company's strategic objectives, including its

ESG objectives. Simply put, a successful board is one capable of identifying its members'

abilities and using those skills to generate value (Konrad *et al*., 2008). In accordance with RDT,

boards can leverage their internal and external networks more effectively, provided they have a

thorough awareness of their capabilities:

Since I am not very creative, visionary, or forward-thinking, I depend on the foresight of

the other board members. Being able to identify our abilities and come up with novel

ways to express ESG is essential. Other board members compensate for my lack of skills

in that regard. (Participant 10)

The participant acknowledged that they lacked key qualities, such as creativity and vision, which

are essential for creating fresh ESG strategies. However, they also recognised that the skills and

capacities of other board members compensated for their own deficiencies, demonstrating the

interdependence of directors within the board. This interdependence is a crucial part of RDT, as

companies must use both internal and external resources to fulfil their objectives (Pfeffer and

Salancik, 1978). The participant's knowledge of their limits and dependence on others

underscores the significance of varied skill sets and collaboration within companies for

successfully navigating their resources and achieving organisational objectives.

4.4.2 Cognitive diversity

A growing corpus of research has employed cognitive diversity on a board as a stand-in for either educational (e.g., Aifuwa *et al*., 2020) or job diversity (e.g., Marimuthu and Kolandaisamy, 2009). Differences in how board members analyse, evaluate and integrate information are known as 'cognitive diversity' (Miller *et al*., 2022). In light of the importance of having diverse viewpoints, expertise and experience in the boardroom (Hillman *et al*., 2002), this concept is crucial. Theoretically, this might contribute to the thoroughness of decision-making by necessitating the collection and evaluation of several pieces of information from various viewpoints (Harjoto *et al*., 2015). This sub-theme is split into two first-order codes: occupation and study. The first-order codes investigate how board members have utilised cognitive diversity to advance ESG goals.

4.4.2.1 Occupation

The analysis of interview data revealed that a number of interviewees stressed the significance of having a diverse group of individuals with various occupational backgrounds on the board. A firm may access a wider variety of resources, such as knowledge on competitiveness, decision-making and problem-solving, and alternative perspectives on internal and external issues if its board consists of people with diverse areas of expertise and experiences (Hillman *et al*., 2000). One participant effectively illustrated this:

> *Among us are individuals who have worked in human resources, investment banking and protecting the environment. As a result, the board will benefit from everyone's unique perspective, and management will get input from a wider range of voices.* (Participant 25)

The participant then outlined how various occupations assist in different ways:

So, for instance, coming from a human resources perspective, we need to investigate issues like diversity and inclusion, human rights and safety, and so forth. The financial markets and investment banking sectors play a crucial role in ensuring the long-term viability of ESG by providing the capital necessary to implement ESG initiatives. Having different occupations and ways of thinking brings great value to ESG. (Participant 25)

According to RDT, organisations rely on resources to operate and accomplish their objectives (Pfeffer and Salancik, 1978). In this context, having board members with diverse backgrounds and areas of expertise, such as human resources, investment banking and environmental protection, gives a broader variety of resources and views for addressing ESG. A person with a background in human resources, for instance, contributes a viewpoint on diversity and inclusion, human rights, and safety, which are essential for tackling ESG. The individual with a history in investment banking comprehends the importance of financial markets and capital in executing ESG initiatives. This diversity of resources and viewpoints is essential for guaranteeing the long-term success of ESG programmes and aligning them with the organisation's objectives (Ismail and Latiff, 2019).

According to the resource dependence hypothesis, businesses strive to reduce their reliance on external resources by enhancing their internal capabilities (Pfeffer, 1972). The diverse occupational backgrounds of a board's members offer the business a variety of internal resources and viewpoints to approaching ESG. This enables the company to decrease its reliance on external resources, strengthen its independence and become more self-sufficient in managing ESG. Consistent with the resource dependence hypothesis, the participant also emphasised the importance of having individuals who can act as sounding boards for ideas (Hillman *et al*., 2000). This theory proposes that organisations rely on the resources of other organisations,

people and their environment to fulfil their objectives and that access to these resources is essential to their success (Hillman *et al*., 2000).

In a similar vein, Participant 13 emphasised the significance of having diverse individuals serve on a board of directors, especially in terms of the professional expertise they bring:

It's important to possess a wide range of skills and experiences. We gain information through others around us. The point here is this. Without a wide range of expertise and skill inside the board, it will be impossible for us to progress on environmental or social issues. (Participant 13)

The participant acknowledged they rely on their fellow board members' resources, such as expertise, decision-making and problem-solving abilities. The variety of opinions, expertise and experiences between board members enables the board to collect information and make well-informed choices, particularly in regard to complex environmental and social concerns. This is consistent with RDT. The greater the diversity and breadth of an organisation's resources, the more opportunities they have for addressing internal and external issues, making them less susceptible to resource reliance hazards (Hillman *et al*., 2000).

In an interesting turn of events, one of the board members discussed how the resources they bring to the board are more congruent with their work than with their study pursuits:

It's not always about the major you earned your degree in, but rather the road that led you there. I majored in communications at university but have spent my whole professional career in the world of finance. Your past work history is highly valued in the business. You were selected for the board, not because of any particular study but rather because of your broad range of experience, skill and the interests you represent. (Participant 16)

The participant noted how they are more interested in impact investment than social work, despite their communications background, demonstrating how work experience has a greater influence:

Individuals with backgrounds in IT who are now employed in human resources provide the board with social support. Despite my training in communications, I envision myself contributing more in the area of impact investing than in the social sector. (Participant 16)

RDT suggests that for firms to accomplish their objectives, they must first identify and then make use of the available resources (Kakabadse *et al*., 2001). In the case of Participant 16, the board's ability to tackle the social and environmental concerns was contingent on the breadth and depth of knowledge that its members brought. The participant explained that their degree and major were not the only factors that contributed to their selection for the board but also their extensive range of experience in various sectors was a deciding factor in their selection. The participant emphasised that an individual's occupational experience and their interests have a vital impact on the contribution that they make to a board. Research in the area has contended that diverse backgrounds and experiences on a board offer unique views and ideas, causing them to solve problems successfully (Ferreira, 2010).

One participant who has worked in the field of information technology discussed how they brought fresh insight by sharing their expertise on some critical aspects of business, such as infrastructure and cost negotiation:

Since I have experience in the IT industry, I was able to negotiate favourable pricing for them and provide advice on infrastructure, space requirements and location. Therefore,

thanks to the relationships I've made, I'm able to provide new perspectives. (Participant 12)

RDT, which holds that organisations are dependent on resources, such as human capital to accomplish their objectives, is in line with the findings (Hillman *et al*., 2009). The participant's knowledge of IT offered the board members access to important resources that could assist the organisation in achieving its goals, such as knowledge on standard industry pricing and advice on implementation. The unique experiences enable the board to examine alternative solutions (Hillman *et al*., 2000).

One of the board members brought up the board's interest in launching a fish farm and the possible adversities that this project might create in terms of the destruction of the environment. The incorporation of the expertise of a board member who had previous experience in aquaculture, allowed the board to assess a viable solution for their new venture, which included substituting traditional fishing practices with a more sustainable system that reduced negative impacts on the environment. The board ultimately decided to pursue this potential solution:

> *We are actively looking at starting a fish farm. Although fish farms may be major contributors to environmental degradation, circular economies can be established with the help of technologies like aquaponics and hydroponics. We've benefited from having directors from many walks of life because their perspectives on emerging technology that might mitigate growing environmental concerns have been valuable.* (Participant 18)

The participant emphasised the importance of having directors with a variety of experiences, especially those who are versed in developing technologies, as this assists the board in identifying viable solutions that alleviate issues. This diversity of perspectives enables the board

to make choices that are better informed and gain access to the required resources, such as technology, to achieve their objectives in an environmentally responsible manner. By taking into account a wide range of occupational experiences, the board was able to gain a deeper comprehension of the resources at their disposal and improve the quality of the decisions they were able to make to further their objectives while also addressing significant environmental concerns (Harjoto *et al.*, 2015).

Participant 31 emphasised the significance of having a diverse group of people with different professional and personal experiences when making decisions and trying to solve problems. Keeping this in mind, the participant stated that having directors who come from a variety of different backgrounds is exceedingly advantageous because it gives the board a deeper understanding of the current issues and larger knowledge of potential solutions to these issues:

> *When trying to come up with new ideas or suggestions, it helps to have a wide range of experiences to draw upon. All of this has the potential to improve decisions across the board for a company, not only in terms of its impact on the environment and society. It's not only one's work background that might play a role in shaping their life experiences; factors like gender may also be included*. (Participant 31)

In accordance with RDT, organisations are reliant on resources that are both internal and external to their daily operations (Hillman *et al.*, 2009). Having a board that is composed of a varied collection of people who each bring a unique set of experiences, points of view and skill sets and may provide a firm with access to a greater variety of resources from which to draw (Hillman *et al.*, 2000). Diverse people bring their own distinct experiences, insights and knowledge, which may help create new ideas and find new solutions (Fanto *et al.*, 2010). The participant believed that having a varied group of persons from various backgrounds could contribute to better

decision-making, not just in terms of ESG, but in general. Mentioning gender as a determinant of life experiences emphasised the significance of diversity in many dimensions, including gender, to promote better decision-making.

One participant brought up an interesting point as they considered what might occur in the alternative situation. Participant 22 suggested that having a board with a homogeneous background, such as solely bankers, may lead to a lack of variation in viewpoints and techniques, stifling innovation and advancement in the process.

The worst thing you can have is a bank whose board is simply full of bankers, since in my experience, the boards I've appreciated the most include people who bring diverse talents and experiences that help form the company's future path. Otherwise, there is either no variety of opinions or methods. (Participant 22)

The participant also discussed the possible disadvantages of a homogeneous board, which might result in groupthink and restricted decision-making possibilities (Janis, 2008). A diverse board may assist in mitigating these difficulties by offering various perspectives and methods, enhancing the company's adaptability and responsiveness (Biggins, 1999). According to the participant, a board composed only of bankers would lack the crucial diversity of perspectives and approaches needed.

On one board, the inclusion of a member with substantial environmental expertise brought fresh information and perspectives. One participant explained how a board member had made the effort to educate the other board members on the previously unknown issue of carbon footprints:

One of our board members has extensive experience in the environmental field, having worked in a business where concern for climate and the environment was deep. The

concept of carbon footprints was new to the board, and he took the initiative to teach us

about it. (Participant 12)

This sort of diverse thought and knowledge is crucial in responding to problems and determining decisions as it offers a variety of viewpoints and solutions to potential problems (Ibrahim *et al.*, 2003). It can result in resources consistent with the resource dependency theory, which states that companies are dependent on resources they may get from their environments for success (Pfeffer and Salancik, 1978). In the case of Participant 12, the board needed the environmental knowledge of its members to make sound decisions regarding environmental concerns. Research has also confirmed that when board members come from different occupational backgrounds and have different perspectives, the organisation benefits from a larger pool of knowledge to make better-informed decisions (Ibrahim *et al.*, 2003).

4.4.2.2 Study

Participants in this study reported that their diverse study backgrounds enabled them to bring a wealth of knowledge to their roles as board members and assisted them in achieving ESG objectives. The following illustration demonstrates how important it is for a board working in a certain sector, in this instance, medical, to include members from a diverse range of study backgrounds:

It's important to employ a team of experts in the field in which you're working. Since we

work in medicine, we have a doctor who has completed medical school. It is important

that we get insight into health concerns, familiarity with potentially hazardous items, an

understanding of how healthcare funding works and strategies for navigating the

healthcare system. (Participant 15)

The participant also underscored the significance of a business-trained director:

Additionally, having a business-trained director is crucial for the smooth operation of an organisation in the private sector. Therefore, accommodating a wide range of student backgrounds is crucial, yet no one approach works for everyone. Whether you're in the marine industry, space, medicine or academia. (Participant 15)

The participant emphasised the need for a team with diverse study backgrounds. According to RDT, organisations need environmental resources to operate and fulfil their objectives (Pfeffer and Salancik, 1978). The member with a medical degree provides medical expertise and healthcare knowledge. This helps the organisation comprehend health issues and manage the healthcare system, which is essential for medical success. A business-trained director gives the organisation the expertise and abilities to function successfully in the private sector, and diverse directors ensure that the organisation considers numerous views and problem-solving methods. This lowers the organisation's dependency on one resource and boosts its resilience (Hillman *et al*., 2000). However, no one strategy works for everyone, underscoring the necessity for a variety of backgrounds in all studies, not just medicine.

One member raised the significance of having a diverse group of people serving on the board of directors of a firm, especially in terms of their educational background:

Because the board so often lets itself be led by strategy and outcomes and business performance, I believe that this is the one area where you need to generally have one board member that continuously looks at these factors in the firm. Therefore, you should have at least one board member who has studied the environment to bring in other aspects of the company and ensure they are given equal priority and are constantly addressed as part of the agenda. (Participant 27)

The participant noted that the issue is that dialogues generally start with business strategy, performance and issues before going on to ESG:

> *The problem is that conversations often begin by focusing on corporate strategy, performance and concerns before moving on to topics like quality, environment, sustainability, governance and so on. When leadership is given opportunities to learn from and engage with people across a broad range of topics, everyone benefits.*
> (Participant 27)

The participant noted the necessity for at least one board member to have a background in environmental studies to provide a more holistic viewpoint to board discussions and decisions. Under RDT, diversified knowledge may supply important resources and enhance judgement by introducing new viewpoints (Hillman and Dalziel, 2003). A board member with an environmental studies background can guarantee that the company's emphasis goes beyond corporate strategy and performance to encompass quality, environment, sustainability and governance (Harjoto *et al.*, 2019). This may improve corporate and stakeholder results by taking a more holistic approach to operations.

The value of educational diversity in board membership not only applies to educational areas but also to the location of the studies. Internationally educated board members may increase the board's creativity and input by providing new views and experiences. One of the board members asserted that this would lead to better debate and analysis because of the diversity of perspectives represented:

> *The more diverse the board's membership, the more ideas and feedback it will generate. It's usually beneficial to look at a situation from a number of vantage points. Even among Emirati citizens, we aim for a wide range of backgrounds and perspectives. We, the*

board members, all went to school in other countries. All of us are well exposed to the worldwide environment and diverse groups, which promotes fruitful discussion and critical thinking… diversity in education is important. (Participant 1)

Regarding the resource dependence hypothesis (Pfeffer and Salancik, 1978), the participant reinforced the relevance of resource acquisition heterogeneity. A diverse board membership enables the organisation to access a broader range of skills, knowledge and information, which is advantageous to the business (Hillman and Dalziel, 2003). The board members may also provide crucial resources to the organisation, such as international legitimacy, awareness of diverse cultural norms and a deeper comprehension of international business practices. Participant 19 highlighted the breadth of educational diversity:

I feel that enhancing the board's educational diversity would have a significant influence. Educational diversity covers far more than what is studied. Also, where and when did you attend school and your educational level? I feel this makes an enormous impact. (Participant 19)

Some participants suggested that having an ESG expert on the board was advantageous since they provided a certain set of skills and expertise:

What we find favourable (on the board) is someone who has an ESG background or has been engaged with it... an ESG background comprises a degree, knowledge, or a project in the field. (Participant 10)

The findings illustrate that there are many paths to being considered an ESG expert on the board. The findings suggest that ESG experts on the board may offer the firm legitimacy. This can be linked to the existing research claims that legitimacy is one of the resources a board can provide (Hillman *et al*., 2009), however, limited research has looked at the impact of ESG experts. In this

study, it can be argued that having an ESG expert on the board can not only provide knowledge and skill but can also lend legitimacy to the firm.

One board member contemplated how a lack of board diversity in the study might hinder efforts to achieve ESG goals. The participant argued that businesses with a more diverse board were more likely to make educated choices that would help them meet their ESG goals:

If you had suggested ESG to someone five years ago, they wouldn't have had the slightest clue what you were talking about. In recent years, this term has been brought up sometimes; by now, everyone should know what it stands for. (Participant 17)

The participant commented that the next step was to raise awareness and gain support for this concept:

The next stage is to spread the word and get support for this idea. Bringing in individuals with diverse educational backgrounds to see how we can develop our ESG and then having meaningful talks at the board level to determine how to implement it within their sphere of responsibility. (Participant 17)

The premise that ESG is a relatively recent phenomenon implies that the corporate world is continuously changing and that innovative thoughts and perspectives are required to keep up. Proponents of the resource dependence hypothesis argue that board members' resources may minimise uncertainty, especially in environments undergoing gradual change (Hillman *et al*., 2000). A heterogeneous collection of board members with varying educational backgrounds may equip the organisation with several useful resources. This diversity may aid in identifying new possibilities and mitigating risks, making the firm better able to adapt to a business climate that is rapidly changing (Hillman *et al*., 2009).

4.4.3 Demographic diversity

A company's capacity to gain vital resources from its board of directors may be gauged in part by looking at factors such as the people who make up that board (Hillman *et al*., 2009). Pfeffer (1972) has asserted that board compositions are not unrelated or uncontrollable variables but rather strategic business reactions to external situations. Board diversity is essential because of the pivotal role boards play in every organisation. The board is responsible for strategic planning, building relationships with external stakeholders (such as suppliers and customers) and attracting and retaining top talent (Ali *et al*., 2014). Each of these roles may be aided by diversity. A board with various backgrounds and perspectives can better consider all relevant information and arrive at sound conclusions (Hillman *et al*., 2000; van der Walt and Ingley, 2003).

In the literature, 'diversity of thought' is often used to describe the knowledge resources provided by a board with a wide range of backgrounds and perspectives (Geletkanycz *et al*., 2018). Interestingly, earlier studies tended to concentrate on differences in opinion between sexes (Post *et al*., 2011, Bear *et al*., 2010; Williams, 2003). However, it appears plausible that there could be multiple entry points to knowledge resources. Only a few scholars have investigated different forms of diversity. Research conducted by Harjoto *et al.* (2015) has shown a negative relationship between age diversity and ESG score. Beji *et al.* (2021) have found a strong correlation between age diversity and human resources, good governance, human rights and environmental initiatives. Gender diversity strengthens human rights and business governance (Beji *et al*., 2021). Researchers have also found that a mix of races and genders makes the overall ESG score higher (Harjoto *et al*., 2015).

This sub-theme is broken down into three first-order codes based on age, gender and ethnicity. The impact of board demographic diversity on ESG objectives is explored using these first-order codes.

4.4.3.1 Age

Analysis of interview data has revealed that younger board members have a deeper understanding of environmental goals and the challenges they face than their more senior counterparts. There was widespread agreement among the participants that a board with a wide range of ages is more likely to push the firm to make ESG concerns a top priority. For instance, Participant 29 observed that younger directors have a better grasp of environmental concerns than their elders, likely as a result of more exposure and study throughout their formative years.

> *I feel that the presence of age diversity on the board drives the firm to emphasise ESG issues. Younger directors have a better comprehension of the environment.* (Participant 29)

The participant used their siblings as an illustration of the idea:

> *My siblings and I are worried about plastics, petrochemicals and pollution, but my parents could not care less about these issues. Because we were taught to understand that we were harming the environment, I believe that age plays a significant role in determining our susceptibility to its effects.* (Participant 29)

RDT (Pfeffer and Salancik, 1978) aligns with this statement. Having a broad range of viewpoints, especially from varying ages, may lead to the discovery and integration of a greater variety of resources, including alternative approaches to ESG concerns. New ideas, views and knowledge gained from board members of varying ages may contribute to improved results for the business and its stakeholders (Rose, 2005).

A board with more youthful directors might benefit from their fresh outlook and propensity toward innovation, which can translate into a greater priority for environmental concerns:

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The younger generation tends to see the environment through different lenses. Because younger generations are more revolutionary by default, they tend to express their views more strongly. The older directors accept things as it is, as the consequence of progress.

(Participant 39)

This participant also drew attention to the possibility of generational disparities in values and interests, which may lead to a richer comprehension of ESG concerns and guide firm decisions. The participant emphasised the impact of age demographic diversity on the perception and prioritisation of environmental issues, which is something that is not always considered in a discussion of the importance of multiple perspectives in decision-making processes. Organisations may reduce their exposure to risk and possible resource dependencies by diversifying their resource base, which can include human capital (Hillman *et al*., 2009). Having members of varying ages who have divergent opinions on ESG may increase the board's ability to make decisions that are both strategic and grounded in knowledge.

Others have attributed differences to deviations in priority. One participant, for instance, cited that younger workers are more likely to be familiar with ESG terminology and to place a higher value on these concerns:

Regarding ESG, I believe it is crucial to have younger talent on the board, since this demographic finds the accompanying terminology more comprehensible. The older workers are more concerned with increasing profits and value extraction. (Participant 41)

The goals of more senior personnel place greater emphasis placed on maximising profits and extracting value. A failure to agree on or include ESG factors in the company's strategy may result from divergent objectives and interpretations. When looking at a company's strategy

through the lens of RDT, the external environment and the company's reliance on certain resources and connections are considered (Nienhüser, 2008). Having a board composed of individuals with different backgrounds and priorities may help businesses better understand the external environment and the significance of ESG problems (Shakil *et al*., 2020). This might lead to a strategy that is better able to balance economic efficiency with ESG concerns.

Others have suggested that age-related inequalities across the board may be attributable to generational gaps in schooling. It was postulated that the younger generation's attitude toward the company's social responsibility activities would be influenced by their education in marketing and, more particularly, CSR:

> *A lot of members of the younger generation pursue marketing studies as part of their degree programmes. A large portion of that is CSR. Younger directors will connect their education to charity, and we will likely market their social giving more than that of the older directors*. (Participant 25)

> *Having young people is crucial since individuals in their twenties and thirties nowadays have excellent educations, a wealth of information, and the ability to inform us of many topics the board doesn't know but really needs to know*. (Participant 42).

Participant 25 anticipated a heightened emphasis on charity on the part of younger directors, who would promote their social contributions more successfully than their more senior counterparts. RDT implies that the traits and resources of people inside businesses may impact their decision-making and priorities (Hillman *et al*., 2000). The notion that younger people are more concerned with the environment is also supported by previous studies, which have revealed that younger people prefer to prioritise 'E' concerns (e.g., Arcury and Christianson, 1990; Blaikie, 1992;

Dunlap *et al*., 2000). Previous studies have corroborated the participants' observation that younger board members are often highly educated (Hatfield, 2002).

4.4.3.2 Gender

The topic of gender diversity in board membership has garnered the attention of several academics (e.g., Post *et al*., 2011, Bear *et al*., 2010; Williams, 2003) and policymakers (e.g., Baltrunaite *et al.*, 2014; Locke, 2021). For instance, the UAE government has instituted a quota to ensure that there is at least one female member on the board of directors (Locke, 2021). The participants in this research emphasised the value of gender diversity in the boardroom. The first viewpoint was that of equity. Having women on the board is especially important in traditionally male-dominated fields, such as medicine, aviation and finance:

> *It's particularly male dominated in the pharmaceutical, aviation and financial sectors. However, I would guess that at least half the customers are female. And it's beneficial to have a wide range of backgrounds and experiences represented since this provides a wealth of fresh insights. It may take a little longer to realise that the notion is not just beginning to sink in but is also being applied. That's the goal. After a few years, people will realise how beneficial it is, and the cycle will continue*. (Participant 17)

Insights and suggestions from a variety of perspectives and experiences, as mentioned by the participant, are always welcome. At least half the consumers in male-dominated sectors are women, so having a varied gender representation on the board may provide a fresh viewpoint and help firms better understand their customers. Consistent with RDT (Hillman *et al*., 2000), this may improve the company's ability to communicate with its clientele, learn about their wants and requirements and provide satisfactory service in response. The organisation may be better able to manage the problems and possibilities of a quickly changing business environment

if it incorporates multiple viewpoints (Hillman *et al*., 2000). The inclusion of women's viewpoints and experiences in debates, especially those centred on social concerns, may enrich and broaden the discourse:

> *I'm certain that if we had a more balanced representation of the sexes, it would spark some more conversations that we're now overlooking. Therefore, a more diverse group will generate more conversation since there will be more topics. A woman's perspective is especially valuable when discussing social issues since women have distinct societal duties from men. For instance, she may have learned from her own experience that the standard maternity leave of 30 days is inadequate. Or there are a variety of additional potential issues that are just beyond the scope of our expertise.* (Participant 26)

Like Participant 26, Participant 9 believed it was necessary to have a mix of men and women in positions of power because it made it more likely that crucial choices would be made with the needs of both sexes in mind:

> *I'd say that gender diversity is the most important. You have both sexes in management and in running businesses, and if one is dominant, the other will suffer. Therefore, if the CEO and management are both males, they will not consider women's needs while making important decisions. Contrast this with a situation where, for instance, a woman serves on the board. For remote work or other home-based employment arrangements, the company would comply with standards designed to help women feel comfortable.* (Participant 9)

Participant 26 and Participant 9's cited experiences were one kind of resource a female director might bring while attempting to address societal problems. This would make the company more flexible and responsive to outside influences, such as the expectations of stakeholders on ESG

matters. The board's ability to recognise and resolve ESG problems that may have been neglected in the past and to make informed choices that are aligned with stakeholder expectations depends on having different viewpoints reflected, including those of women. Women, in particular, contribute significant insights owing to their better ability for empathy and understanding, and diversity must deliver value to the end user:

> *A board of ten men leads the grocery shop aggregator we're working with, none of whom are household operators. Diversity is essential, but it must be useful to the end user, in my opinion. And often, women have a touch in a lot of areas. So women provide a valuable perspective and are naturally more empathic than males. Since women have a greater capacity for empathy and understanding than males do, their presence is important. Women have a natural tendency toward it.* (Participant 36)

There is precedent for this notion. Studies have demonstrated that appointing more women to boards improves CSR results, risk management and creativity (Post *et al*., 2011, Bear *et al*., 2010; Williams, 2003). This demonstrates that women may secure the firm's survival and success by bringing resources through the management of connections and interdependence with external stakeholders. Organisations may be better able to comprehend and react to the demands of their stakeholders, such as customers, workers and the community if they have a more diverse board that reflects multiple viewpoints (Hillman *et al*., 2000). As Participant 41 put it, 'I believe that women also contribute social perspectives and other insights that can only be gained from a female point of view'. A similar point was made by one director who suggested a board would benefit from including more women because of their innate ability to empathise and understand others:

That might be stereotypical. I think women understand this far greater than men. I think they've got far greater compassion in just their thinking. I think men are too egotistical. And it's probably too much testosterone at times that they don't have the compassionate thought and mindset that females have. And again, I'm not trying to broad brush or be stereotypical. (Participant 22)

The participant used their wife to demonstrate their perspective:

But, you know, my wife is probably one of the most compassionate, understanding and considerate of others. Therefore, if I wanted to understand whether something was good for somebody, I'd ask her because she'd have a greater understanding. You know, that objective? The view is key. And I just think right now, rightly or wrongly, women do a much better job at that. (Participant 22)

According to Participant 22, this might result in a more well-rounded approach to making judgements that consider the interests of all parties involved. This is consistent with research that has shown how having a gender-balanced board may improve decision-making (Miller and Triana, 2009; Nielsen and Huse, 2010b) and CSR (Beji *et al.*, 2021; Post *et al.*, 2011). It is worth noting that the participant's view is consistent with RDT, which argues that firms seek out a variety of resources and viewpoints (Hillman and Dalziel, 2003). The inclusion of more women on a board may improve the quality of the organisation's decision-making and the results it achieves because of the wider variety of viewpoints and experiences that are considered (Hafsi and Turgut, 2013).

Some commentators have claimed that companies' bottom lines improved when more women served on the board of directors. They have asserted that women are better at communicating, more concerned with social issues and more compassionate than men. Female

leaders who emerged victorious during the COVID-19 pandemic were cited as an example by one participant:

> *In my opinion, firms fare better financially when they have a larger percentage of female employees. Women have an advantage in communication and care more about social concerns and the well-being of others. Take the case of the COVID pandemic as an example; those leaders who have succeeded are the ones who have effectively communicated and acted quickly after recognising the danger. They are mostly women, in fact. Look at New Zealand; Germany also started off well. Another example might be Iceland.* (Participant 12)

Women appreciate communication more. They care about workplace social issues including inclusiveness and strict guidelines:

> *I believe that women value communication more highly. They are concerned with the social aspects of the workplace, such as fostering an inclusive environment and providing clear guidelines for employees. More flexible work hours and other measures of work-life balance are important to women since society traditionally expects them to care for children and household chores.* (Participant 12)

With gender diversity, there is more of an emphasis on communication, workplace socialisation and work-life balance, since women place higher importance on these things, according to Participant 12. These views are consistent with research showing that gender diversity and other forms of diversity may boost financial performance and decision-making (Liu *et al*., 2014; Campbell and Mínguez-Vera 2008; Carter *et al*., 2003). In addition, RDT lends credence to the view that a plethora of unique viewpoints and resources may help businesses achieve better results (Hillman *et al*., 2000).

4.4.3.3 Ethnicity

Ethnic diversity is another topic that has caught the attention of academics examining board diversity. Previous researchers have found a favourable relationship with ethnic representation on boards and financial performance (Erhardt *et al.*, 2003). Wang and Coffey (1992) have discovered that the presence of greater ethnic representation on boards is linked with greater philanthropic giving in firms. Harjoto *et al.* (2015) have indicated that racial diversity advances ESG performance by mitigating ESG risks. Participants in this study stressed the importance of ethnic diversity on the board, citing the belief that this would increase the quality of choices made and allow businesses to draw from a wider pool of experience and expertise:

> *Honestly, I would argue that ethnicity is a major factor. As a result of their unique upbringings and experiences, individuals of various ethnicities sometimes have quite diverse perspectives. Having a group of people with different backgrounds and perspectives all talking to one other and looking at the items adds a lot of value.*
> (Participant 25)

According to Participant 25, having a diverse group of individuals discuss and think about a problem is beneficial since each person brings their own unique set of experiences, views and ways of thinking. This is consistent with the resource dependence perspective, which suggests that organisations with a diverse board are more likely to achieve success by drawing on a larger variety of resources (Harjoto *et al.*, 2015), such as life experiences. Integrating the insights and experiences of people from a variety of ethnic backgrounds enriches the decision-making process. In one interpretation:

I bring ethnic diversity and a different perspective. I also bring experience and knowledge of international best practices. There is clearly a very strong diversity of thought as well. (Participant 17)

The participant emphasised that it is more common in traditional civilisations when everyone believes the same. That is why some still follow the chairman. Disagreement is not always easy:

But also avoid ending up in a trap, which you see a little bit more often in cultures whereby there is a more traditional mindset, and everybody thinks the same. And that's why sometimes there is still a tendency to follow the leader the patriarch, and the chairman. Well, where it's not always that easy to dissent, not easy to have a voice in a different opinion. (Participant 17)

However, the member asserted that during the past 15 years, more boards have opened up and noticed diversity is beneficial:

Over the last 15 years, I've seen a lot more opening up of boards and also realised that it is good to have diversity. So, I think boards are learning and keeping up with the times and seeing that especially companies that operate in the international arena, they see that they have to do this in order to be able to compete. So, you yield so well if you are in touch with those people who eventually buy goods or services from the company and the unit. (Participant 17)

Participant 17 reflected that on UAE corporate boards there has previously been a desire to assimilate to the prevailing culture to maintain harmony. It is also noted that more recently the value of diversity is beginning to be acknowledged. Global businesses have realised they need more diversified boards to be competitive as they are more likely to understand their diverse stakeholders. Hillman *et al.* (2009), in their update of RDT, have suggested that in changing

corporate climates the resources and contributions of board members are particularly crucial and have cited the deregulation of the airline industry as an example.

CSR projects like those implemented by companies may benefit from having board members with a wide range of backgrounds and experiences. As one board member explained:

We have some corporate social responsibility projects under our belts in Vietnam. Thanks to our Vietnamese board members, we are able to think globally about CSR and provide assistance to those in need anywhere in the world. We will donate to a relief effort if we learn about one and are convinced by its mission. (Participant 4)

Boards that incorporate ethnic diversity in their membership often make more well-informed choices and have a greater impact through their charitable contributions (Hartmann and Carmenate, 2021). This is supported by the resource dependence hypothesis, which posits that organisations may increase their competitiveness and adaptability by diversifying their resources (Wang *et al.*, 2021). Data analysis has shown the value of a diverse board because it can better address governance issues by drawing on a wider range of knowledge, context and insight. One participant illustrated an example of a foreign board member who helped avert an ethical and financial danger by objecting to a contribution to a political party in that country:

ESG objectives are, of course, business objectives. Thus, a more diverse board would result in greater skills and context being brought to the table. For example, I was part of a scenario in which a US firm sought to fundraise for a certain political party in a foreign country. They had just started the process of the donation to the political party. And when it reached the board level, one individual from there spoke out against it, warning that giving so much to the party may put them at a severe disadvantage if the

budget were to alter or the Prime Minister stopped responding to its calls from that

party. (Participant 21)

The participant claimed that the issues of governance must be addressed, and their significance cannot be emphasised:

The importance of addressing these governance concerns cannot be overstated. That's why we probably would have given the money to that political party if we didn't have a board member from that country. (Participant 21)

The argument made by existing scholars that a more diverse board is in a better position to understand other country's cultural and political settings fits with the findings (Van Veen and Elbertsen, 2008). In addition, the study finds that ethnic diversity reduces the risk of that the firm's actions that can cause unintended repercussions, such as the case with not funding a political party. This fits with RDT, which asserts that to deal with complex and shifting corporate environments, firms need access to the board's resources (Hillman *et al*., 2009).

4.4.4 Summary of Theme II

The present theme examined the knowledge resources available to board members for accomplishing ESG objectives. This theme provided a detailed review of the available knowledge resources among board members by analysing skills, cognitive diversity and demographic diversity. This theme consists of three unique sub-themes that comprehensively evaluate the board members' available resources.

The first sub-theme, termed skills, centred on the capacity of board members to recognise, utilise and establish synergies between the diverse skill sets on the board. Within this sub-theme, two first-order codes were constructed to examine the applicability of skills: synergies, which concentrated on the intersection of skills and ESG through the formation of

synergies, and applicability, which focused on the ability to detect such skills. The significance of recognising abilities and using them through synergies is emphasised.

The second sub-theme, cognitive diversity, examined the influence of the abilities garnered from different occupational and study backgrounds on the board's ability to achieve ESG objectives. This sub-theme included two first-order codes: occupation and study. Occupation examines how various occupational resources offer distinct resources for different areas of ESG. For instance, by illustrating how HR expertise can assist with human rights and how finance knowledge may assist with funding ESG projects. This sub-theme also highlighted how directors' diverse study backgrounds enabled them to contribute a breadth of expertise to their board positions and supported them in reaching ESG goals.

The third sub-theme, labelled demographic diversity, focuses on the effect of demographic diversity on the accomplishment of ESG goals. This sub-theme consisted of three codes of the first order: age, gender and ethnicity. Demographic diversity influences ESG through the acquisition of unique abilities, life experiences and viewpoints. This sub-theme also illustrated how younger board members appeared to be more conscious of environmental consequences. Having women on boards was considered an issue of balance and leading to the better detection of ESG issues that may be overlooked in all-male boards. The participants believed that women tend to be more sensitive to societal concerns. It was also emphasised that having a more ethnically diverse board of directors improves decision-making by providing access to a broader range of perspectives and experiences.

The following section examines Theme III, which centres around the contextual resources of board members.

4.5 Theme III: Contextual resources

A firm's success is contingent on its access to resources (Biermann and Harsch, 2017). The preceding themes indicated two primary resource categories: knowledge and social. However, this theme focuses on contextual resources that can be employed and their significance for ESG goals. Contextual resources relate to an organisation's operating environment or context, such as its cultural and religious environments. By analysing the UAE's cultural and religious milieu, one may acquire important insight into how organisations might harness these resources to achieve ESG goals. Through interviews and analysis of first-order codes, this theme intended to reveal how organisations in the UAE leverage contextual resources to create meaningful change and advance their ESG goals.

This theme consisted of two distinct sub-themes that provided a comprehensive overview of the resources accessible to board members. The first sub-theme, 'Culture' (4.5.1), examined the cultural environment of the UAE and its implications for ESG goals. This sub-theme consisted of the following three first-order codes: 'Role model' (4.5.1.1) examined how the UAE leadership is viewed as a role model for ESG initiatives; 'Cultural flux' (4.5.1.2) examined how rapidly changing culture and society affect the development of ESG objectives; and 'Policy implementation' (4.5.1.3) investigated the government's role in facilitating and implementing ESG objectives.

The second sub-theme, 'Religion' (4.5.2), focused on the effects of Islamic culture and religious traditions on ESG goals. This sub-theme consisted of the following three first-order codes: 'Silent giving' (4.5.2.1) explored the significant role that charity plays in Islamic societies; 'For the sake of Allah' (4.5.2.2) examined the intrinsic relationship between the charitable and religious commitments of the Islamic faith; and 'Avoidance of harm' (4.5.2.3)

examined how Islamic traditions of respect and minimisation of harm to the environment and humans contribute to the development of ESG objectives.

The conclusion of Theme III summarises the significant results and ideas gleaned from board interviews (4.5.3 Summary of Theme III). The overview presents a comprehensive picture of the role of contextual resources in achieving ESG objectives, supported by board interview data. Appendix 2 provides second-order themes, first-order codes and illustrative quotes.

4.5.1 Culture

A growing corpus of literature has suggested that the impact of diversity varies by context (Cumming and Leung, 2021). This was also confirmed by the board interview data analysed in this study. In several interviews, culture was cited as a significant factor impacting ESG integration. Participants indicated that the cultural setting of the operating context significantly influenced the way ESG objectives were achieved. The first-order codes, 'Role model', 'Cultural flux' and 'Policy implementation', arose from data analysis as a means to characterise the interaction between culture and ESG objective attainment on boards. The subsequent sections elaborate on the details of each first-order code.

4.5.1.1 Role model

The participants stressed the significance of having culturally diverse board members, as it may substantially influence the company's values and behaviours. The participants highlighted the UAE and how its residents look up to its leaders as models of correct social behaviour, which has fostered a culture of giving in the nation. Including a board member with cultural roots in the UAE may provide a unique viewpoint and help shape the company's CSR and community participation approach. The late Sheikh Zayed set an example of generosity for the people of the UAE, and this trait has been extensively embraced:

Especially in the United Arab Emirates, citizens look up to their leaders as examples of proper social conduct. As a result, the United Arab Emirates became known as a place where people feel encouraged to give back to their communities. We learned generosity from Sheikh Zayed. (Participant 2)

According to the resource dependence perspective, a firm's cultural resources may significantly impact its strategy, goals and interactions with stakeholders (Roundy and Bayer, 2019). A firm's legitimacy and credibility may be improved, and connections with key stakeholders can be strengthened by drawing on cultural resources (Rindova *et al.*, 2011). The theory argues that a firm's success and survival are contingent on the availability of resources in its external environment (Biermann and Harsch, 2017). The performance and competitiveness of an organisation may benefit from having a board with members from a variety of cultural backgrounds because of the increased access to resources and the new insights that this provides (Roundy and Bayer, 2019).

The participants further emphasised the relevance of leadership role modelling in influencing investment choices and business behaviour. The board members may be able to come up with novel solutions to organisational issues if they are exposed to diverse viewpoints and cultural backgrounds. In the case of the UAE, the government has set an example by placing a high priority on impact investing, and the local investment community has followed suit:

I would like to share with you the future of investment in the UAE. The UAE has presented this initiative as an example of its global thinking leadership to the international investment community. A practice known as 'impact investing' may help you be more environmentally conscious while simultaneously creating employment in

your local community. Since the UAE's top leaders have prioritised these areas, we feel

compelled to do the same. (Participant 16)

This is consistent with the resource dependence hypothesis, which argues that organisations rely on the support and resources of external parties, such as governments and regulatory agencies (Bode *et al.*, 2011). Culturally diverse board members may contribute fresh ideas and help ensure the company's priorities align with its most important stakeholder (Roundy and Bayer, 2019). The quote from Participant 16 reflects the rising movement towards ESG investing by emphasising the significance of incorporating environmental and social considerations into financial planning.

Participant 33 highlighted the sheikhs' (or leaders') impact on the UAE's objectives and initiatives. The sheikhs' concern for the preservation of agricultural resources in the nation, especially date farms, inspired the participant and others to do the same. Participant 33 noted that the UAE's top officials serve as role models for the rest of the country, highlighting the impact that exemplary leadership has on influencing organisational culture and practices in the UAE.

Since the sheikhs were so concerned with maintaining the country's agricultural

resources, especially the dates, we made the decision to invest in the community and

ensure the long-term viability of local date farms. (Participant 33)

Participant 33's remarks align with RDT, which emphasises the value of cultural diversity in informing organisational objectives and choices (Roundy and Bayer, 2019). The choice to invest in the local community demonstrates how the presence of executives who respect and prioritise social and environmental issues can significantly affect the behaviour and decisions of corporations.

The participants underscored the beneficial influence of the UAE's leaders on the nation, notably their prioritisation of social problems and their compassion in assisting those in need. By emulating the leadership style of the sheikhs of the UAE, organisations want to embrace similar ideals of compassion, social responsibility, environmental awareness and positively affect their own communities:

The sheikhs prioritise social concerns, providing land and financial aid to their citizens and helping those in need both inside and outside the country's boundaries. During the COVID outbreak, you probably saw that personal protective equipment was being sent to nations that were short on it. We prefer to model ourselves after the UAE's leaders because we hold them in such high regard. (Participant 3)

This is consistent with the resource dependence perspective, which posits that organisations rely on external resources, such as the community within an operational context, to accomplish their aims and objectives (Malatesta and Smith, 2014). By aligning with the beliefs and behaviours of the community and its leaders, the company is able to generate trust and establish a favourable reputation, allowing it to get the necessary resources for its success. In the setting described by Participant 3, cultural diversity on the board was valuable because it increased the organisation's ability to address community problems and improved the quality of decision-making by incorporating the insights of people with different cultural frames.

Participants also underlined the relevance of leadership role modelling in the UAE and how it benefited the business community. They discussed how senior UAE officials demonstrate ethical and sustainable leadership and have fostered an environment where such qualities are highly valued. Participant 20 explained that Sheikh Khalifa's green economic agenda had inspired the corporate community to become involved:

The green economy was a vision of Sheikh Khalifa. Everyone in the business world has been striving to contribute. The majority of us would prefer to emulate the leaders of a nation that has been so good to us since they are seen as key visionaries. (Participant 20)

It is hypothesised that, under the resource dependence perspective, organisations cannot function without access to external resources (Biermann and Harsch, 2017). Businesses in the UAE are looking to their government for direction when it comes to making a positive impact on the green economy. Leaders in the UAE are held in high esteem, and their visionary policies have inspired businesses throughout the UAE to follow suit (Antwi-Boateng and Binhuwaidin, 2017).

Leaders of the UAE, especially the sheikhs, are said to have considerable power over the country's populace and its corporate elite, who pay close attention to their every move (Al Dari *et al.*, 2018). This indicates that the UAE government has considerable sway over enterprises and citizens when it comes to influencing ESG outcomes for the better (Al Dari *et al*., 2018). Following the leaders' examples is considered a means to help achieve goals and advance agendas:

People and businesses in the UAE are highly attuned to the course and tone set by the leaders. You will not find a country where leadership emulation occurs as often as the UAE. You can observe individuals taking action based on what they interpret to be a leadership gesture that they misread. Even on social media, all choices and behaviours made by the sheikhs are replicated. (Participant 37)

Organisations receive guidance from their environment, including cultural norms and values (Pulles and Schiele, 2013). The UAE's cultural norms and values are heavily impacted by the acts and vision established by the country's leaders, which in turn influence the actions and choices of people and businesses in the UAE (Al Dari *et al*., 2018). Therefore, leaders in the

UAE may influence the ESG results of the country's firms by participating in the development of ESG standards and regulations.

The sheikhs of the UAE have a significant role in shaping the country's cultural landscape (Antwi-Boateng and Binhuwaidin, 2017). This holds true in business and all facets of social interaction. An example of how a new norm is established and then followed by the rest of society is provided by Participant 7's narrative on how wedding festivities were shifted from the evening to afternoon tea receptions to avoid waste:

> *Even in social situations. Formerly, weddings were held in the evening, resulting in wasted food and other resources. The sheikhs initiated afternoon tea receptions with a small amount of food and beverages. They didn't order others to follow their lead; instead, they set an example. Eventually, it became the standard, and others began imitating it.* (Participant 7)

This exemplified the influence of leaders in establishing social norms and practices. RDT argues that the success of businesses depends on factors outside their control, such as social standards and cultural habits (Malatesta and Smith, 2014). Organisations and their stakeholders often mirror the acts of their leaders (Kakabadse and Kakabadse, 2006), therefore, the leadership's influence on cultural norms and behaviours may have a substantial effect in the UAE setting.

4.5.1.2 Cultural flux

According to the participants, the Emirates is seeing a fusion of culture and knowledge as a result of globalisation, and the country's younger generations are more open to novel ideas of social giving as a result. This is consistent with the UAE's aspirations to foster a new national identity that is open to globalisation and aims to create Citizens 2.0 who are engaged and market-oriented (Jones, 2017). Emphasising cultural resources has helped tremendously in nation-

building and fostering a feeling of national unity (Maclean, 2021). Younger generations in the country, raised in a globalised context and immersed in the digital world, are searching for a sense of self that integrates their own experiences with their nation's history (Almutawa, 2016). Younger generations, more susceptible to novel ideas of social giving, are driving this change towards a more open and globally-oriented perspective.

> *Culture and knowledge are blending thanks to globalisation. The younger generations are more open to these novel concepts of social generosity.* (Participant 9)

RDT, which posits that a firm's degree of reliance on external resources may shape its outcomes, lends credence to this point of view (Hillman *et al*., 2009). The younger generation is a clearer indicator of how the UAE's transition to globalisation has altered the country's national identity to become more receptive to international standards, such as those of ESG.

There was a consensus among the participants that people's altruistic and philanthropic tendencies had been shaped by exposure to liberal capitalist economies and ecosystems. This may indicate that more modern and progressive concepts of charity and philanthropy are gradually becoming mainstream in the UAE. Evidence of this may be seen in the growing interest in ESG efforts as part of CSR.

> *As a result of the influence of liberal capitalist ecosystems and economies, people often exhibit charitable or philanthropic personae for socialising and building professional relationships.* (Participant 1)

Organisations, as per the idea of resource dependence, are reliant on resources provided by their surroundings if they are to succeed (Pfeffer and Salancik, 1978). The UAE has been impacted by the ideals and conventions of liberal capitalism, which have grown increasingly integrated into the global economy. This is evidenced by the rapid acceleration of the social engineering

process, indicated by the introduction of liberal reforms that have made the nation a safe, business-friendly, and welcoming place to live in (Alexander and Mazzucco, 2021). As a result, individuals have begun to place more value on exhibiting altruistic or philanthropic behaviours in their social and professional interactions with others.

The participants described the desire of the sheikhs of the UAE to be number one as the driving force behind the country's quest for rapid growth and constant improvement in services and technology. Apps for government services were cited as an example of the progress achieved, which in turn sets a high bar for businesses.

> *The goal of the sheikh of the United Arab Emirates is for his country to rank first. Therefore, rapid progress is what we strive for. The UAE is always evolving, and as a result, services are continually being refined and bettered. Apps make it possible to do official government business from the comfort of home. You'll receive the top-rated service with no wait. This establishes an exceptionally high standard for enterprises, and as a consequence, we are also very adaptable in order to keep up with the pace of the local culture.* (Participant 40)

The emphasis on change and adaptation to keep pace with the local culture underscores the significance of the cultural context of the firm when it comes to development and advancement. Research studies have argued that one potential drawback of RDT assumes that organisational behaviour and frameworks are shaped mainly by worldly influences and do not provide a framework to adequately capture cultural considerations (Johnson, 1995). Therefore, the theory alone does not provide a framework that can be used to comprehend the cultural resources of the firm's UAE. For this reason, to fully grasp the dynamic cultural landscape and how it affects

businesses in the UAE, it is important to consider cultural elements (Johnson, 1995) along with RDT.

The participants further argued that globalisation, international investment and the inflow of expatriates have had a significant impact on changing UAE culture. As Participant 14 explains: 'Cultural norms have changed due to the influx of foreign workers, and we now follow global best practices'. To accommodate the expatriates' traditional cultural standards, such as marital requirements for shared living, are being relaxed, and worldwide best practices are being adopted:

> *To accommodate the influx of foreign investment, the government instituted the 'golden visa', which eliminates the need for investors to get sponsorship from citizens and provides all the same privileges enjoyed by citizens. Couples don't need to be married to share a home. We and Israel have signed a peace accord.* (Participant 14).

Further, the participant highlighted that, in light of the wide range of cultural traditions represented in the UAE, the government has stressed the value of tolerance. This evolution exemplifies the adaptability of UAE culture to new conditions:

> *Due to cultural dynamism, all these changes are communicated rapidly, and individuals generally adapt well to them. Since people of so many different faiths and backgrounds call this place home, our sheikhs have stressed the need for tolerance.* (Participant 14)

The ability to adapt to the shifting cultural environment in the UAE is becoming more important for businesses operating there (Madi *et al*., 2023). The company's board of directors must factor in these shifts when deciding on long-term strategies like product lines, customer demographics and HR practices. Successful businesses are those that can identify with and adapt to the changing cultural attitudes of their clientele, workers and other key stakeholders (Jameson,

2007). The board of directors is also responsible for guaranteeing that the company upholds government-promoted cultural values, such as tolerance and inclusiveness.

The participants addressed the dynamic character of the UAE's evolving work culture, which is shifting to adopt global best standards. The move to a four-and-a-half day work week is an example of this adaptation, which is aimed at promoting work-life balance, boosting government and corporate contacts with other nations, and having a good influence on the economy. Participant 23 describes this shift:

> *The United Arab Emirates has announced a change to a four-and-a-half days work week. In order to ease us into the transition, the administration provided us with a grace period of a few weeks. In addition, the change from Sunday through Thursday to Monday through Friday was made so that our schedules would be more in line with those of other nations.*

Since it is the board of directors' responsibility to oversee the corporation, they would have been engaged in the decision to make this modification:

> *We're accustomed to change happening swiftly, so adjusting to working four and a half days per week was simple. Due to our global nature, this has a beneficial effect on the economy, better work-life balance, and government and business relations with nations in other time zones.* (Participant 23)

Directors may better comprehend the local norms and expectations of their business' target market when they clearly grasp the cultural knowledge with which their company works. In this scenario, the company's success needs to grasp the significance of work-life balance in the UAE and the necessity to match it with the schedules of other countries.

Others remarked on how the UAE's culture and society are so different from the rest of the world that they are able to adjust to new situations easily and quickly:

In the UAE, everything changes so fast there is no need for social preparedness, no leads, all of a sudden you see a declaration and the alignments from society and corporations are instantaneous. (Participant 29)

More specifically, the participant contrasted the UAE with a number of other nations.

If you compare to other countries, they need to mobilise and align the society before they act on it. In the US, it takes time. For instance, they prepare before making decisions with media, tv and film. Even in Saudi before they allowed women to drive, they operated mechanisms like social norms, Majlis and the utilisation of social media before announcing decisions. People get prepared ahead of time. (Participant 29)

Given the abundance of resources and the close relationship between the government and its people, the UAE can rapidly align society and companies with new policies and objectives (Al Dari *et al.*, 2018). In turn, this has far-reaching effects on the country's businesses since it facilitates a more nimble and flexible corporate climate, giving an edge to those who can adjust rapidly to changing circumstances (Al-Tamimi, 2014). Understanding the dynamics of the UAE's rapidly changing cultural scene (Jones, 2017) and RDT (Johnson, 1995) may provide culturally competent directors with a strategic advantage in navigating these changes and capitalising on new opportunities. Directors may better position their company to take advantage of new business possibilities and remain ahead of the competition if they keep a close watch on changing cultural norms and match their corporate strategy with the changes (Jameson, 2007).

4.5.1.3 Policy implementation

The board members in this study remarked on the UAE's rapid policy execution and elaborated on how the Dubai 2040 plan has affected the country. The push to eliminate paper from the workplace is consistent to create a greener, more technologically sophisticated future. Board members in the UAE are taking the initiative to align with new policies. One member indicated they had already met with suppliers to transition to paperless software and that efforts of this nature were materialising:

> *We are actively exploring paperless options at this time. Having said that, we have already met with three different suppliers in an effort to switch to paperless software. Hence, we are carefully investigating ways to eliminate the use of paper in the workplace. Consequently, initiatives of this kind materialise.* (Participant 37)

The impact of the government's vision on the behaviour of corporations and individuals was shown by Participant 37's assertion that:

> *more people will start taking it seriously now that Dubai has its 2040 vision. Especially now that the administration of Dubai has already stated the date by which the whole city would have gone paperless. People will follow by example.*

The resource dependence perspective, which suggests that businesses rely on the resources given by their external environment—including governmental laws and regulations—backs up this fact (Malatesta and Smith, 2014). As a result, the policy trajectory established by the Dubai government is expected to have a considerable influence on the activities of enterprises and their pursuit of a paperless workplace.

The participants went on to praise the UAE's government's commitment to sustainability, citing the country's high policy implementation rate as evidence. Board members who were more versed in the sustainable development efforts being pursued in their individual Emirates

were better equipped to devise strategies to advance such projects. According to the board member, more individuals now had a basic awareness of sustainability thanks to recent efforts and rules:

> *The UAE has introduced several new initiatives and regulations. This means that many people are learning about sustainability in the present. For over five years, this has been the standard. And when it comes to sustainability, most people realise that it's a key component of long-term improvement in society and resource management.* (Participant 16)

As an example of the administration's commitment to sustainability and resource management, which has yielded substantial savings for the city, the shift to a paperless government is often noted. Industry 4.0 is discussed, as is the vision of a more resourceful and technologically advanced society. As explained by Participant 16: '*Industry 4.0 includes the development of a more intelligent society that can better manage its resources'.*

The boards understand this idea, and the UAE is actively putting it into practice through programmes like the paperless government effort. The UAE's strong commitment to a transition to a more intelligent and sustainable society is shown by the country's high policy implementation rate and government support for sustainability projects:

> *The boards have a firm grasp of the concept, and here in the UAE, we also have a thorough understanding. It is prohibited to print at the moment in Dubai. Two years ago, in 'smart government mode,' we began transitioning to a paperless government in which all transactions would be recorded and stored on the blockchain. However, the government is actively supporting this initiative. And we reduced printing by 90%, saving*

the city an estimated $3 billion. Although there are several more instances, this one is always in front of our eyes as a prime illustration of the concept. (Participant 16)

Businesses that demonstrate support for these activities are consistent with the resource dependence perspective, which stresses the significance of resources for organisational action and behaviour (Pfeffer and Salancik, 1978). Participating in the rollout of Industry 4.0 and related efforts improves a company's command of its surroundings and resources, boosting the likelihood of its success. Companies gain credibility with the government (Hillman *et al.*, 2009), on whom they have already demonstrated dependency, by taking the lead in environmental efforts and new technology like the paperless government project.

The participants also emphasised that their firms strictly conform to the regulations imposed by the UAE government. The Pearl Project, which classifies businesses according to their carbon dioxide emission and waste management practices, was considered, and the corporation adheres to its requirements.

We always adhere to the guidelines set by the UAE... The United Arab Emirates Environmental Government Programme, the Pearl Project... The Pearl Project has been concluded... to divide companies into several categories according to their carbon dioxide output, energy use, waste management methods, etc. (Participant 30)

The organisation places a premium on social responsibility, and one of its primary goals is to help more UAE citizens and persons with disabilities find gainful employment. Participation in socially responsible initiatives, such as those aimed at boosting the employment of UAE citizens and individuals with disabilities, is another way in which businesses show their loyalty to the government.

We looked at ma'an from a social perspective, increasing the employability of UAE nationals and those with disabilities via courses and initiatives like youth coding clubs.

(Participant 30)

The participant also believed that the firm can best show its dedication to being a good corporate citizen and positively contribute to society by adhering to these measures. There was an influence from government-mandated governance measures like Hawkamah on the company's policies, such as investment reporting and human rights and equality at work.

Hawkamah is an example of government-mandated governance metrics that may be met by the integration of activities into the workplace, whereby we are obligated to follow certain norms, such as those pertaining to investment reporting, a whistle-blower policy, a human rights policy, a staff equality policy, and other policies of a similar kind.

(Participant 30)

The participant emphasises the UAE's strong ESG policy implementation rate and the company's dedication to complying with official norms and regulations. The notion of resource dependence may be employed to comprehend the company's reliance on the government for resources and how this influences the company's policies and behaviour (Hillman *et al*., 2009).

Participants also underlined the relevance of ESG norms in the UAE since they are obligatory for enterprises competing on government contracts. Companies who follow these standards are given tender and Majlis priority and a chance to meet the UAE leadership, as specified by the board members:

Any company that wants to bid on government contracts must adhere to the ESG guidelines the government establishes. There will be a natural magnetism towards such

businesses, which will show up in the form of tender preference and Majlis preference.

(Participant 15)

This is consistent with the UAE's high policy implementation rate since the government issues regulations and holds businesses to a high standard of compliance (Adawi and Rwegasira, 2011). According to the resource dependence hypothesis, businesses have no choice but to comply with government laws and regulations since they rely on the resources and conditions of the external environment in which they operate (Hillman *et al.*, 2000). Companies in this situation need government contracts, which they can only get if they follow the ESG rules.

Participants remarked on the UAE's strong government backing and the country's dynamism, both of which encourage businesses to take part in the country's cutting-edge programmes, such as the clean energy push:

Because the government is incredibly dynamic and supportive, and so we would like to support it, we actively seek out opportunities to take part in new government programmes like the clean energy initiative. (Participant 24)

This is consistent with the resource dependence perspective, which holds that organisations need positive ties with external partners to secure continued access to external resources (Pfeffer and Salancik, 1978). Companies in the UAE know the value of government backing and the part it plays in their success, therefore, they are driven to take part in programmes, such as the clean energy initiative, to keep good standing with the government. Two examples of how this may benefit the company are a higher chance of winning government contracts or receiving preferential treatment in bids.

The board members' sentiments indicated that the company appreciates the government's help and knows it must adhere to ESG norms to keep its relationship with the government

cordial. When a company demonstrates it is trustworthy and reliable by adhering to the government's ESG criteria, the government is more likely to provide it with financial or other forms of support in the future.

> *When we show the government that we can be trusted by adhering to ESG standards, we get legitimacy with them and increase the likelihood that they will provide a hand if we ever need it.* (Participant 42)

This is consistent with RDT, which posits that organisations need to cultivate and maintain positive connections with external sources of support, such as the government, to continue receiving the resources they rely on (Hillman *et al*., 2000). Firms in the UAE are inclined to cooperate with government policies and initiatives since doing so is beneficial to their relationship with the government (Al Sakkaf *et al*., 2022).

4.5.2 Religion

There is mounting evidence that suggests religious beliefs may shape the extent of a firm's interest in ESG issues. For instance, researchers Tahir and Brimble (2021) have discovered that Islam impacts on business behaviour. This result holds true across a wide range of religious traditions. Research on churchgoers has also shown that religion has an impact on investors' propensity towards ESG investments (Czerwonka, 2014). Interview data analysis from this study further confirmed this. Muslim board members bring Islamic values to their work, which impact the way the firm achieves its ESG objectives. Muslim board members also showed greater awareness of Islamic tenets and their translation to the current ESG objectives of the firm. The first-order codes of 'Silent giving', 'for the sake of Allah' and 'avoidance of harm' are used to discuss these concepts in the next sections.

4.5.2.1 Silent giving

The board members brought up the idea that some people's religious beliefs make them prefer contributing to charitable causes in which they remain anonymous. Muslims who practise secrecy around their philanthropic work do so because they believe Allah (God) will reward them more richly for doing so (Zain *et al*., 2014). This idea originates from Islamic teachings that stress the value of performing good deeds without expecting to be rewarded for them. Quranic verse, such as 'if you expose your charitable expenditures, they are good; but if you conceal them and give to the poor, it is better for you' (Quran, Al-Baqarah 2:271), provides an example. Hadith also backs this concept, reporting that the Prophet Mohammed (peace be upon him) stated that a person who conducts charity in secret would be one of the seven people whom Allah will shade on the Day of Judgement. In the words of the board members:

> *Religious philanthropists want anonymity because they believe Allah would reward them more lavishly for their efforts if they maintain anonymity*. (Participant 9)
>
> *Our social and environmental initiatives are not made public. Simply put, our shareholders would rather keep that information confidential*. (Participant 20)
>
> *Within Islam, you're not supposed to glorify your good deeds. You can't give $10 to a good cause and then want recognition and attention. Sadaqa, or acts of generosity, are private transactions between the giver and Allah and should be treated as such*. (Participant 11)

From the standpoint of RDT (Hillman *et al*., 2000), the beliefs and actions of religious philanthropists may have consequences for the successful implementation of CSR programmes. Their desire to remain anonymous as donors imply they are more concerned with the moral and ethical implications of their giving than with public acknowledgement. Because of this, ethical

concerns may take precedence over financial ones, which might affect their investment choices and the company's adoption of ESG practices (Zain *et al.*, 2014).

Religion also accounts for some of the cultural differences between the UAE and the West, most notably in terms of how people see conflict and rivalry. Participants speculated that the UAE's general aversion to confrontation and competition might be influenced by Islamic beliefs:

> *People in this region are not as used to confrontation as those in the West, and they tend to avoid competition, especially when it comes to giving and receiving charity... This may be due to religious influences.* (Participant 25)

This is consistent with what has been found in the literature and RDT, which point to the importance of cultural values and norms in moulding organisational behaviour (Nienhüser, 2008). For example, studies have shown how vital it is for residents of the UAE to maintain non-confrontational attitudes (Almazrouei and Zacca, 2015). This is confirmed by the findings of Klein *et al.* (2009), who argue that the UAE's religious and cultural background impacts on organisational behaviour by emphasising values, such as respect for authority and avoiding conflict.

The board members maintained their adherence to the Islamic tenet that it is inappropriate to make a public display of charitable deeds, but other members believed that publicising such efforts may motivate others to do the same.

> *It's not considered appropriate to boast about charitable contributions and the like. And maybe this is a practice that needs to be changed since I feel it may inspire others to do the same. Maybe we can have a conversation with them and get them to reconsider.* (Participant 7)

To convince others to change their minds about this, the board member advised discussing with them. There has to be a harmony between cultural and religious norms and the potential advantages of openness and honesty in encouraging charitable giving. According to the resource-dependence perspective, businesses are prone to responding to incentives and pressures from outside sources (Pfeffer and Salancik, 1978). This board member may be suggesting a change in conduct in light of the possible advantages of transparency and the pressure to conform to shifting standards.

Participants emphasised their unwavering commitment to the Islamic values of modesty and humility in their ESG endeavours. In keeping with the Islamic idea that altruism should be performed in secret and without seeking credit or acclaim (Zain *et al*., 2014), the board members said they do not publicise their ESG contributions. An individual board member illustrated this by saying their efforts are motivated by their religious convictions.

Normally, I wouldn't bring this up, but we contribute to many campaigns and provide training programmes for, among other things, financial institutions and organisations fighting against the plight of women affected by cancer. We choose not to promote it. We are different from the other businesses that will be marketing it. Nothing related to this is advertised by us. We feel that it should be done differently, thus, we do not do it to get media attention. That's how we practise our faith. (Participant 4)

When seen through the lens of RDT (Hillman *et al*., 2000), the above comment from a board member implies the corporation is driven less by a desire for public goodwill and financial reward than by a commitment to its religious ideals. The company is not looking for publicity or accolades for its altruism, demonstrating a certain amount of independence from other influences. The board members' demeanour is indicative of their dedication to the Islamic idea

that acts of charity should be carried out anonymously and without seeking praise, and this is reflected in their wish to remain free from external influences.

4.5.2.2 'For the sake of Allah'

The remarks of the board members were consistent with Islamic beliefs and values, which highlight the significance of giving back to the community and meeting the needs of the underprivileged. The participants highlighted many ways to give in Islam. Zakah is a kind of wealth tax used for a mandatory charity that helps ensure the well-being of all members of society (Hassan and Salma, 2009). Sadaqah is considered a voluntary charity (Awang *et al.*, 2017). The board members understood that they are stewards of the company's assets and must utilise them in accordance with their intended trust rather than for their personal benefit (Naqvi, 2013). Islamic teaching holds that the privileged have a responsibility to use their resources to meet the needs of the poor (Naqvi, 2013), and the members of the board share this desire to give back. As Participant 23 describes:

> *Many doors of opportunity have been opened to me. This is something for which I am eternally grateful to God. But in my opinion, it is not sufficient. Paying it forward is the way to go if you ask me. It's important to give back to the place you call home. This is the year I want to devote myself to figuring out how to best serve my community via volunteer work.*

Further, the board director understood the significance of making a difference in the workplace, especially for women, which is consistent with the Islamic belief that the expenses of an organisation's actions would ultimately benefit the community as a whole:

If I'm serious about making a difference for women in the workforce, I need to assist

them in obtaining professional services. If I were to please Allah, I must pay it back.

(Participant 23)

According to the resource-dependence perspective, businesses cannot function without bringing in outside support in the form of personnel, capital and supply (Hillman *et al*., 2000). Organisations must actively manage their interdependencies with the environment if they are to thrive (Hillman *et al*., 2009). Participant 23 understands the value of giving back to the community and views doing so as a means of repaying the debt to society and gaining Allah's favour. The board member acknowledged their success is owed not just to their own efforts but also to contextual resources. This is illustrative of the value of interdependence between organisations and the operating context.

When seen through the lens of resource dependence (Hillman *et al*., 2009), a board member's desire to positively impact the operational context serves as a means of managing the interdependent relationship between the organisation and the community. By offering their expertise to working women, the board member is meeting an identified need and establishing credibility in the operational context, which may open doors to future support and resources.

Participants exemplified the Islamic tenet that almsgiving is a form of devotion and obedience to Allah. The notion of confidence in Allah, who provides for all needs, underpins the conviction that money does not diminish if given to others, as does the belief that charity cleanses one's wealth and is done only for the purpose of Allah:

In Islam, there is a great saying that states your wealth would never decrease if you give

to others. You should only perform good deeds because you believe Allah will reward you

for them. (Participant15)

Therefore, having a religious board member, in this case, a Muslim may contribute significantly to a company's ESG goals in the Emirates. A Muslim board member may contribute unique knowledge of these principles and how they might be incorporated into a company's ESG goals due to Islam's focus on social responsibility, philanthropy and ethical conduct. Incorporating Islamic ideas into a company's ESG goals may increase the company's attractiveness to a larger group of stakeholders, including Muslim customers and investors, who may prefer businesses with strong ethical and social values. According to the resource dependence hypothesis, businesses rely on external resources and stakeholders for survival (Pfeffer and Salancik, 1978); therefore, integrating Islamic values into their ESG goals may help them foster and sustain favourable connections with these constituencies.

Corporate social responsibility was discussed at length, with board members emphasising their opinion that CSR is a moral imperative and a financial strategy. The belief that one would be rewarded for doing good is consistent with Islamic values that stress personal responsibility and the necessity of doing good deeds:

> *We don't engage in CSR for financial gain since it is intrinsic to human nature. We act in this way because we think it's the right thing to do. This is something that is recognised on a regular basis, and not only because of the presence of a corporation. As for myself, I'm a firm believer in CSR. God will reward you in proportion to what you put into the world. This, therefore, is the belief. It's something we talk about at every single meeting.*
> (Participant 4)

The findings demonstrate how CSR is viewed as more than just a business strategy and can be seen as inherent in human nature. This is supported by research on corporate ethics that has argued corporations require a higher calling besides financial attainment (Davis, 2021). In the

resource-dependence view, businesses need other external groups to function, such as stakeholders (Hillman *et al*., 2009). By taking part in CSR, the company shows it cares about its stakeholders and creates a favourable image, both of which boost its legitimacy and credibility (Aqueveque *et al*., 2018).

Board members echoed the participant's claims that charity is essential to Islam. The notion of *ajr*, or reward, plays a crucial role in this faith since it is believed that good deeds might gain God's favour and save their doer from harm. One board member emphasised that genuine belief in this notion comes from inside:

> *Part of being a Muslim is contributing to the betterment of the community and the environment. You will be granted* ajr*, your wealth will be blessed, and God will protect you from harm. Faith or* Eman *must come from within. For Muslims, doing good is fundamental, so those who do not are hypocrites.* (Participant 2)

This view is consistent with Islamic teachings, which place a premium on giving and the good of others for the sake of Allah. As a means to produce a peaceful and balanced community, social and environmental responsibilities have been emphasised in previous literature on Islamic banking (Al Ansari and Alanzarouti, 2020). The results are consistent with the resource dependence perspective, which postulates that a company's strategic decisions are influenced by its resources and capabilities rather than by the pursuit of profit (Hillman *et al*., 2000). By making ESG a top priority and discussing it at meetings, the company shows that it cares about the welfare of its surrounding community and the environment, which is a significant asset ensuring its long-term viability and prosperity.

4.5.2.3 Avoidance of harm

Avoiding harmful effects was another concept that came up when participants addressed their environmental goals. The approach is guided by the Islamic ideal of refraining from causing damage and the divinely assigned duty of protecting the environment (Safee and Yunos, 2015). A member of the board discussed the board's approach to an environmental energy project in a desert region inhabited by a reptilian-like species called dubs:

> *In the middle of the desert, we worked on an environmental energy project. However, we ran into trouble on one front since this area is known as a place for dubs, reptile-like creatures native to desert environments.* (Participant 11)

The board member understood the need to gauge the project's influence on the local environment and decided to hire an ecological specialist to make sure the dubs were safe.

> *When seen through the lens of safeguarding the environment God has entrusted us with, this is an animal on the brink of extinction. In order to locate these dubs, we sought the services of a specialised ecology expert. And if that's the case, then we certainly didn't mess with their burrows.* (Participant 11)

Instead, the goal was to construct solar panels that gave shade and hid part of the sunshine so that the animals might thrive in their new environment:

> *In fact, by building solar panels and blocking some of the sunlight, we helped foster a habitat in which the creatures could thrive and grow.* (Participant 11)

The board member understood the value of dubs as a resource for the ecosystem and took preventive measures to guarantee the project would not endanger the species. This method is reinforced by existing literature on Islam's connection to the environment, which emphasises the significance of protecting the natural world and not harming animals and other life forms (Safee and Yunos, 2015). When it comes to protecting and preserving the environment for future

generations, Islamic environmental ethics places special emphasis on the Islamic tenet of avoidance of damage and the obligation to conserve the environment (Khalid, 2002).

The board members shifted the focus away from environmental results to emphasise the social value of Islam's avoidance of harm principle, which holds that one should not inflict harm on oneself or others. The board members acknowledged that the safety of the workforce is of the utmost importance and were willing to forfeit financial rewards if required to safeguard the safety of the workers. This displays the genuine Islamic valuing of human life above worldly prosperity:

> *I believe that the safety of our staff is our first concern. The safety measures are never compromised. Therefore, it is acceptable to forego earnings if necessary. However, the welfare of our employees comes first, and I believe this reflects our identity as a spiritual business governed by the ideals of pure Islam. And they demonstrate that human life is more valuable to us than material wealth.* (Participant 38)

This corresponds with prior work on Islamic corporate ethics, which has stressed the significance of social responsibility and the preservation of human life and dignity (Rahman, 2006). The resource dependence hypothesis asserts that companies are reliant on external resources, such as personnel, to fulfil their aims and objectives (Hillman *et al*., 2009). The board member saw the value of the personnel as a crucial resource for the firm and was prepared to make trade-offs to protect their safety and well-being.

One member stressed the significance of religious belief and its bearing on business strategies, particularly with respect to safeguarding from harm.

Religion is an element of faith that is particular to you, and I believe it provides you with the agency to make significant strides in shaping who you are as a person. (Participant 16)

The participant believed that one's moral compass may be found within the teachings of their faith and that this compass should inform their professional choices.

Now, how you handle it will vary from person to person, but everyone will be affected by the lessons it teaches you, and those lessons will affect how you do business from here on out. (Participant 16)

They recommended, in accordance with the Islamic tenet of avoiding harm, staying away from anything that might lead to gambling, alcohol or cigarette usage.

Nothing you do will be harmful to people, the community, or the planet. In other words, you won't put money into projects encouraging harmful addictions like gambling, alcohol use and tobacco use. (Participant 16)

This is consistent with the resource dependence hypothesis, which proposes that organisations are affected by their external environment and stakeholders, such as cultural and religious standards (Hillman *et al.*, 2009). The participants' belief that religious convictions should shape professional decisions exemplified the impact of religious values on corporate culture.

Participants elaborated on the ethical ideals and principles of a Muslim board member informed by the Islamic concept of avoiding harm. A board member acknowledged that their religion significantly influenced their identity and conduct, particularly their business activities:

The reinsurance market seems like a good place to put our money. It was brought to the board's attention, and they looked into the risk that a policy we reinsured might cause an insured person to outlive their income. Even if it's profitable, they replied, 'We don't

want to be linked with it'. We can make buffers and proxies that nobody can track, so it's not about our image. Still, as Muslims, we never engage in behaviour that may be considered harmful to others. (Participant 7)

Because the policy may lead the insured to outlive their financial resources, the decision was made to forego investment in the reinsurance market. The board member's choice was consistent with the Islamic precept of doing no harm while seeking to benefit the welfare of others (Rahman, 2006). This is consistent with RDT, which posits that companies are reliant on their stakeholders for resources and must consequently evaluate the effect of their activities on those stakeholders (Hillman *et al*., 2009). The action demonstrates the board member's dedication to appropriate and ethical business practices above the possible financial gains.

4.5.3 Summary of Theme III

The present theme unpacked the contextual resources accessible to board members for achieving ESG goals. The findings of this theme show that contextual resources significantly influence how ESG goals are implemented. This theme consists of two distinct sub-themes that give a full review of the accessible contextual resources of the board members.

The first sub-theme, 'Culture', centred on board members' abilities to contribute culture-focused contextual resources to the board. Three first-order codes were developed to evaluate the cultures under this sub-theme: policy implementation, which investigated the firm's alignment with UAE policy and how that can influence the attainment of ESG goals; role model, which examined the tendency for board members to model their behaviours to UAE's leadership; and cultural flux, which examined how the rapidly changing culture in the UAE affects the attainment of ESG objectives.

The second sub-theme, 'Religion', was concerned with the influence of Islamic teachings and religious traditions on ESG objectives. This sub-theme was composed of the three following first-order codes: silent giving examined how the act of not publicising charitable giving in Islam impacts on the firm's ESG goal attainment; for the sake of Allah examined the intrinsic relationship between the charitable and religious commitments of Islam; and avoidance of harm examined how Islamic teachings regarding the reduction of harm to the environment and beings contributes to the development of ESG objectives.

The next section investigates and expands on Theme IV, which covers the board's various community resources.

4.6 Theme IV: Community resources

The term 'community resources' in this study describes the resources that can be acquired from diverse representation and geographic diversity on the board. This theme focused on the relationship between the incorporation of diverse representatives, the possession of geographic diversity and access to resources. Resources in this respect included networks, information, insight and advice.

This theme consisted of two distinct sub-themes that provided a comprehensive overview of the community resources accessible to board members. The first sub-theme, 'geographic diversity' (4.6.1) examined the geographic diversity on the UAE boards and its implications for ESG goals. This sub-theme consisted of two first-order codes: geographic proximity (4.6.1.1) examined how the geographical proximity of board members in terms of their locality to the operating environment or projects can provide the board with resources that aid in accomplishing ESG objectives; and nationality diversity (4.6.1.2) examined how incorporating board members of diverse nationalities on the board can provide resources that advance the firm's ESG goals.

The second sub-theme, 'representation diversity' (4.6.2), focused on the effects of representation diversity across the board on ESG goals. This sub-theme consisted of three different forms of representation on boards: community representation (4.6.2.1) examined the resources of community representatives on UAE boards.; government representation (4.6.2.2) examined the role of the government representatives in achieving ESG goals; and youth representation (4.6.2.3) examined the impacts of having youth representatives on the board.

The conclusion of Theme IV summarises the significant results and ideas gained from board interview data (4.6.3 Summary of Theme IV). The overview presents a comprehensive picture of how community resources impact the achievement of ESG objectives and is supported by board interview data. Appendix 2 provides second-order themes, first-order codes and illustrative quotes.

4.6.1 Geographic diversity

Past research has examined the connection between the location of directors and their influence on a company's social responsibility performance. Researchers discovered that a firm's ESG performance improves when its board of directors is geographically diverse, particularly when the company has many geographical segments (Firoozi and Keddie, 2022). The association between the geographical proximity of board directors and ESG has not been explicitly investigated. Yet, as highlighted in the study (see Firoozi and Keddie, 2022), having directors from various localities might contribute to a more diversified view of ESG concerns. Research has indicated that board nationality diversity is favourably connected with the company's social performance (Harjoto *et al*., 2019). This suggests that increasing the national diversity of directors might boost the social performance of businesses.

The board interview data acquired for this research demonstrated this factor. Many interviews cited geographic diversity as a key factor influencing ESG integration. Participants reported that the geographical diversity of the boards impacted the ESG objective attainment of the firm. To characterise the interplay between geographic diversity and the attainment of ESG objectives on boards, the codes 'geographic proximity' and 'nationality diversity' provided nuanced insights. The following sections focus on the findings in relation to each first-order code.

4.6.1.1 Geographic proximity

The participants of this study agreed that a board member living in close proximity to the firm aids the firm's ability in achieving its ESG objectives. They believed this would allow the company to gain a deeper understanding of the country's social and environmental challenges and make more informed ESG decisions. One board member shared their experience with having a member with geographical proximity to one of their projects on the board, which aided the company in better understanding the needs of the people in the project operating area:

> *On the board of directors, it has all the significance it can have. We want to take on a major initiative in Mozambique and beyond. And that's evident in how we communicate with and work with the government: we play by the laws, empower farmers and especially small farmers, and don't take their land. Including a local resident on the board has helped us better understand the needs of the people there; as a result, we've implemented measures like co-ops, the primary focus of which is on solving problems in Africa.* (Participant 18)

This view is consistent with the resource dependence hypothesis, which posits that businesses rely on their surrounding environment to access resources (Goodstein *et al*., 1994; Arnegger *et*

al., 2014). Having diverse residents on the board may assist a corporation in maintaining good ties with the country in which they operate by increasing the board's understanding of local issues and concerns (Maede and Sheets, 2005; Firoozi and Keddie, 2022). It may help the business go where it needs to and keep afloat. This observation aligns with research on board diversity and ESG, which has shown that more diverse boards, especially those that represent different regions, have better ESG performance (Firoozi and Keddie, 2022).

Certain board members emphasised the significance of local market expertise for the efficient operation of a multinational corporation. These thoughts were consistent with the notion that organisations' existence and success rely on resources from their surrounding environment (Pfeffer and Salancik, 1978). Therefore, a corporation must comprehend the local conventions, rules and stakeholder expectations to operate successfully in several markets. By having a board member with an understanding of the local market, the firm is better able to comprehend the requirements and concerns of its stakeholders and make choices that consider the market's specific context:

> *If the business is big and global, the board members should have extensive knowledge of the local markets in which the firm operates. Therefore, while putting together boards, it is essential to have someone who understands that market.* (Participant 21)

Existing studies on board diversity and ESG support this notion (Harjoto *et al*., 2015). Research has indicated that a geographically and culturally diverse board may bring a wider variety of viewpoints and experiences to decision-making, resulting in better results for the organisation and its stakeholders (Firoozi and Keddie, 2022). By having a board member with an understanding of the local market, the firm may better grasp the local context and issues and thus

make choices that align with local stakeholder expectations (Maede and Sheets, 2005), resulting in a more favourable influence on ESG outcomes.

In conjunction, board members endorsed the notion that an outside director who has lived in a different region might provide a new viewpoint to board meetings and assist the firm in appealing to local markets. Thus, the organisation may be in a better position to respond to social, environmental and governance matters:

> *An outside director who lived in a different geography might effectively add fresh eyes to the board of directors' deliberations. If you're seeking to break into their local market, you could find success by appealing to the locals there.* (Participant 1)

This is consistent with prior research on board diversity and ESG, which implies that a diverse board may contribute to enhanced decision-making and performance (Islam *et al.*, 2022; Fernández-Temprano and Tejerina-Gaite, 2020). Evidence shows that organisations with diverse boards are more inclined to prioritise ESG problems (Islam *et al.*, 2022). The resource dependence perspective (Pfeffer and Salancik, 1978) also supports the notion that geographical diversity may be advantageous for businesses since having directors with local expertise can facilitate more efficient resource access and use. By having a member of the board who is familiar with the local market, the firm would be better able to appeal to local stakeholders and establish links with local communities.

The board members emphasised the need to have board members who were conversant with the local culture and market. One participant described how the presence of an Alain resident on the board aided in the identification of a culturally unique problem:

> *A local Alain resident on the board raised the issue at the executive level. She said that many Alain women don't work because they don't want to interact with males, their*

families don't allow it, or the culture doesn't support it. Also, as the primary caregivers,

they faced limitations that prevented them from working the traditional 9 to 5.

(Participant 7).

In this instance, the local resident on the board was able to bring up a culturally particular

problem and give insight into how the firm should solve it:

Accordingly, we were able to address and resolve the issue. We established a female-

only workplace with various work-from-home policies and flexible hours... Empowering

these ladies would not have been possible without the help of a local resident on the

board. (Participant 7).

These findings verify the findings of the existing literature on board diversity and the ESG,

which maintain that a more representative board of directors is more likely to provide innovative

solutions to problems (Firoozi and Keddie, 2022). According to the comments of Participant 7,

the firm not only increased its ESG quality but also its overall performance by tapping into a

previously untapped market through the empowerment of local women.

Existing research has contended that there are several positive outcomes associated with

having locally based directors on a company's board. Researchers have found that local directors

can keep a closer eye on the business since they are in close proximity to the company's

headquarters, making it easier for them to get soft information (Berger *et al*., 2005; Dewally *et*

al., 2017). Researchers have also found that a company should consider the location of

prospective board members since local directors are more likely to attend board meetings

(Berger *et al*., 2005; Dewally *et al*., 2017).

4.6.1.2 Nationality diversity

Study participants stressed the value of having a diverse group of countries represented on a company's board of directors when making global investments and decisions. The board members all hailed from various countries, which they said was beneficial since it increased the company's influence and opened new doors for expansion both inside the UAE and beyond.

> *Access, power, and opportunities are all perks that come with having different nationalities. Since we invest in the UAE and internationally, learning about the international cultures is essential. So, you have a wide variety of possibilities, including, first, familiarity with the cultures and, second, you get access*. (Participant 2)

The findings are consistent with the existing research on ESG and the presence of a wide variety of nationalities on board. Researchers have shown that an organisation's environmental and social performance and participation in the local community improve when foreign directors are on the board (Beji *et al*., 2020). Having a culturally diverse board may help minimise cultural misunderstandings (Hofstede *et al*., 2005) and encourage better decision-making in regard to CSR (Matten and Moon, 2008; Jamali and Neville, 2011) due to the fact that various national cultures can explain the disparities in corporate value systems and CSR practices (Halkos and Skouloudis, 2016). Finally, the resource dependence hypothesis (Hillman *et al*., 2000) provides further support for the premise that a diverse board may provide firms with access to a wider range of resources and points of view, resulting in enhanced decision-making and productivity.

The board members also recognised the value of having a diverse group of nationalities represented on the board to better understand and tap into culturally and regionally distinct markets. To better understand and do business with foreign clients, the board members felt it was important to have a diverse group of nationalities represented on the board:

Having different nationalities gives you some understanding of things. A variety of regional marketplaces, each with their own unique set of experiences. This is quite useful. (Participant 8)

Next, using examples from other countries present on their board, the participant demonstrated their perspective:

From a purely nationalistic viewpoint, you begin to understand how dealing with the Chinese differs from dealing with the Indians, for instance. I'm not attempting to generalise anything, by the way. Sometimes they have the same characteristics that you can group. Even with us, you may classify us according to certain characteristics or patterns of conduct. (Participant 8)

Prior research has shown that the involvement of foreign directors has enhanced monitoring and strategic choices involving public and social activities (Muttakin *et al*., 2015). Hofstede's cultural dimensions theory proposes that cultural variations across countries have an impact on CSR reporting and performance (Hofstede *et al*., 2005). From the board member's point of view, diversity on the board may help members better appreciate cultural differences and make educated decisions on ESG initiatives.

The board members agreed that having representation from various nations increased the quality and quantity of ideas discussed. Due to the large number of different cultures present, the UAE was compared to the UN by one participant:

Consider the UAE. This place reminds me of the United Nations. We have people from all around the world, including some very experienced Brits like myself. Yet, many are unable to reach the board level. (Participant 22)

The participant elaborated that members of the board should represent a variety of countries not just to increase the diversity of thought but also to facilitate quicker decision-making:

> *It is yet crucial to have board members from a variety of national backgrounds. Having people of different backgrounds allows for a wider range of perspectives and suggestions to be offered. And if they could speed up their decision-making by teaming up with someone like me, then I believe it's a good idea.* (Participant 22)

The findings are in line with the research on board nationality diversity that has shown that having directors from diverse nations may improve decision-making and ESG performance due to the influx of new ideas and fresh views (Beji *et al*., 2020). The director argued that a board with a greater diversity of nationalities would bring more perspectives and solutions. Therefore, RDT is also alluded to in the findings; the theory posits that organisations can only function as effectively as the resources they have access to (Pfeffer and Salancik, 1978).

Having board members from all over the world may help a business learn about and adopt the best ESG practices in diverse locations, expanding its ability to find and support projects with global impact:

> *Bringing in a person of a different nationality is beneficial because it allows us to learn about ESG potential in other nations, some of which may have a larger global reach. Because of this, we've helped fund initiatives all across the globe.* (Participant 4)

Having a board with a wide range of backgrounds and perspectives is important for fostering ESG initiatives, as shown by the growing body of research linking board nationality diversity with ESG (Toumi *et al*., 2022; Beji *et al*., 2020). Having board members from diverse nations may assist a firm in gaining access to these resources and broaden its international reach, which is consistent with RDT (Hillman *et al*., 2000).

4.6.2 Representation diversity

The term 'representation diversity' on the board describes how the makeup of the board mirrors the population (Miller, 1999). In this study, representation diversity consists of community, government and youth. Previous research has contended that organisational prosperity is tied to the degree to which management of a company are able to rigorously reflect society at large (Gazley *et al*., 2010). The research has further suggested this would lead to organisations that are better able to make decisions while considering all stakeholder interests. Therefore, allowing the organisation to collaborate with other organisations and acquire resources (Gazley *et al*., 2010). This sub-theme intended to explore the theoretical and practical ramifications of representation diversity on the board by analysing the relationship between diverse representation and the attainment of ESG objectives.

Using the findings of this study's interviews with board members as a basis, ESG objectives are enhanced when boards better reflect the variety of the population. Several respondents highlighted the importance of having diverse representation as a component of ESG integration. According to participants, the company's ESG goals were impacted by the board's diversity in representation. First-order codes, 'community representation', 'government representation', and 'youth representation', were devised to characterise the relationship between representative diversity and ESG goals on boards. Details of each kind of first-order coding are provided in the sections below.

4.6.2.1 Community representation

The study's participants highlighted the significance of the community members' perspectives when it comes to achieving ESG objectives. Community representation may help guarantee that a business has an understanding and is responsive to the needs of the people in the area in which

it operates. A cement factory, which has a community member on the board, was cited as an example of this occurrence by one of the study's participants:

> *When it comes to cement, I can say that we introduced one of the board members on the board, which was more of a community, but it incorporates both environment and community... the region where you have the majority of the factories, cement plants and everything else. The area is also home to its own distinct population.* (Participant 27)

On top of ensuring that the company's resources are being utilised to meet the requirements of the local community, bringing in a representative from the community on the board promotes the legitimacy of the firm's undertakings:

> *The board now includes a local community member whom we've introduced. Somebody from the community has gotten involved. The effort will be much more credible and accepted when we finally roll it out. And it's the most efficient use of resources since the money is put to better use serving the local communities*. (Participant 27)

Again, the resource dependence perspective is supported. Organisations must cultivate connections with their stakeholders if they are to have access to the resources they need for success (Hillman *et al*., 2001). Because of their distinct background, the community member may provide the board with a fresh view of ESG concerns, which is another aspect of board members' emphasis on their significance. Research on board community representation has supported the idea that a more diverse board may enhance a company's effectiveness (Hillman *et al*., 2001).

When asked about the importance of board community participation, members cited its impact on furthering the organisation's mission and strengthening ties to the local community. For instance, a UAE native director noted their presence on the board of a foreign company helps

speed up the board's networking. This is because they have successfully built relationships with key decision-makers at other businesses and government agencies in the UAE, allowing them to leverage these connections for greater success:

> *For this reason, I believe that one of the benefits of my being a UAE native on a board of a foreign firm is that I am able to assist the board to establish connections more quickly than either Western expats or those who are not citizens of the UAE. Since I've established a solid rapport with the appropriate people in other firms, I can simply give them a call before our next board meeting to discuss whatever problem is coming up. Because of the time it takes to establish a rapport, I see utilising myself as a potential benefit*. (Participant 31)

The participant emphasised that this boosts the effectiveness of both internal and external networking:

> *So, not just in terms of internal networking, but also external networking, since we must interact with government institutions, particularly in the UAE. If you're a native of the UAE, communicating and working with the government will be much simpler than if you were a Westerner*. (Participant 31)

A community representative's perspective on the board may help businesses better serve their communities by identifying and responding to local needs and interests. Having local representatives on the board makes the organisation more accountable to the community's wants and needs, which boosts its reputation and popularity (Ayuso and Argandoña, 2009). Conforming with the resource dependence hypothesis, businesses must carefully monitor their reliance on external sources of support to guarantee their continued viability (Malatesta and Smith, 2014). Assuring that the organisation's activities align with the needs and interests of the

community may be facilitated by having members from the community on the board. This may aid the group's credibility and stability (Ayuso and Argandoña, 2009).

One fascinating point that was brought up by the participants was the need for recognition and inclusion at all levels of the company. As an example, one member of the board elaborated on a programme they have coined the 'employee of the month programme', which is distinct from similar initiatives at other companies. Workers at this company are given the opportunity to serve as directors:

> *Employees of the month were recognised at all levels of the bank and honoured at monthly board meetings. From the most junior level at the bank. Analysts, receptionists, tellers, customer service, branch managers, old, young, males and females. They'd know who we are and come to know us, leading to a more personable business relationship.* (Participant 8)

The director understood that fostering a family-like atmosphere among the staff might boost morale and make for friendlier interactions between management and workers. The programme also provided a forum for personnel to share their thoughts and ideas about how the company could improve its services to employees and consumers:

> *The happiness and sense of family among the staff were boosted as a result. We also treat them to lunch, where we hear out their concerns and suggestions for how to better serve them and the division they are a part of.* (Participant 8)

The resource dependence hypothesis, which indicates that successful businesses must cultivate and preserve ties with their constituents, is consistent with this strategy (Jiang *et al*., 2022). By prioritising employee feedback and fostering a supportive workplace, this board could boost the bank's image and profitability by inspiring more loyalty and productivity among its staff.

Participants reinforced the necessity of having community representation on a board of directors. The board, for instance, was unaware of the problem of undernourishment among low-level employees until a community representative brought it to their notice. In addition, staff morale and morale, in general, might benefit from community representation, as seen by the choice to provide funding to guarantee that staff eat healthy meals:

We are fortunate to have a member of the community serve as a board member. Long ago, a community representative brought up the issue that our workers, particularly the lower category workers, were not eating properly since they tried to save money by skipping meals. We made sure to allocate funds to ensure they get at least one good meal when they are at the workplace. (Participant 32)

This is consistent with the tenets of ESG management, which emphasises the interests of all stakeholders rather than just those of shareholders (Pollman, 2019). Including a community member on the board of directors, as shown here, allowed fresh eyes to be brought to bear on neglected social concerns. According to the concept of resource dependence, organisations need external resources for their continued success (Pfeffer and Salancik, 1978). When an organisation prioritises the needs of its lower-level employees, it not only helps those workers but also builds favourable relationships with the surrounding community, which may benefit the company's ability to attract and retain resources (Hagen and Huse, 2007).

There were other examples of board members working with the community—in one case, a group of Bedouin women—to initiate a food preservation programme. The board recognised the need to include the Bedouin women's insights and perspectives, so they actively sought them out.

With the support of date processing firms, we launched an initiative for food
preservation. We aided in their recruitment of experienced Bedouin women of the
community. In the past, they were held at a certain venue with the board members. They
consult the Bedouins for advice and use their knowledge and experience to make the best
possible preparations. Women in the community, who have been doing this work for
years, were recruited. (Participant 33)

The strategy brought to light by Participant 33 is congruous with the idea of community

representation on the board, which maintains that heightening the number of local voices in the

boardroom aids firms in better addressing local issues and improves the effectiveness of board

efforts (Gazley *et al*., 2010). The board recognised the Bedouin women's knowledge and

experience were essential to the success of the food preservation effort. The partnership between

the board and the community may also be considered as a mechanism for the board to acquire

resources.

4.6.2.2 Government representation

The participants of the study subscribed to the view that involving a government representative

on the board would introduce heterogeneity in the board's dialogues. Intriguingly, several

participants suggested including a government representative on the board for the purpose of

safeguarding the national perspective alongside the narrower business perspective. It was the

consensus of the board that today's interlaced business world requires diversity:

Having a person from the government on the board adds another dimension of diversity,
with one member thinking from a purely commercial perspective and the other looking at
things from a more macro, national level. In addition, this diversity is important. That is
the state of our international communities. What's more, it's important that they

collaborate in order to identify areas of interest, conflict and common ground.

(Participant 28)

To decrease uncertainty and acquire access, knowledge, legitimacy and resources, the resource dependence perspective recommends that corporations align their boards with their environment, which includes the government (Hillman *et al*., 2000). The presence of a government official on the board may serve as a conduit to the government and aid the company in gaining insight into and complying with relevant rules and regulations (Hillman, 2005). The participants' views further emphasised the importance of ESG factors in board decision decision-making. The board may make better choices that are socially responsible and in accordance with larger governance concerns if it considers both commercial and macro, national-level viewpoints (Guo and Yu, 2022).

Directors with government experience may provide a fresh viewpoint and use their influence to advance important social causes. Connections to external resources that hold interdependence and uncertainty are advocated, with the implication that enterprises might gain from such ties. When government officials sit on a company's board of directors, it may help alleviate concerns and open doors to more knowledge, credibility and resources.

There are often government appointees on these boards. They may have connections in the government that may be used to further social initiatives, such as those needing the coordination of police or economic departments. It helps a lot in terms of coordination. For instance, while organising a social event, I had to consult with the local police and education department for permission to hold the event. The government appointees mobilised employees and talent from their own entities to make this happen. (Participant 23)

The need for coordination, especially for social programmes, was emphasised in the remarks, which also stressed the advantages of having government representation on the board (Hillman and Hitt, 1999; Hillman, 2005). The findings signify that government personnel obtain resources and guidance that allow firms to manoeuvre the regularly complicated and bureaucratic government systems. This is akin to RDT, which gives prominence to the boards access to certain resources and relationships that allows the firm to withstand change (Pfeffer and Salancik, 1978).

There are significant gains arising from accommodating a government representative on the board notably in relation to their aptitude and associations when it comes to government mandates and community-based initiatives. One participant noted that the goal of the firm is to have a government member serve on the board and provide counsel based on their personal experiences in parallel circumstances.

> *There is a connection between several government requirements and some community-oriented programmes. So, whenever a public representative encounters this on a board, they provide their advice based on their past work with similar situations. In my work, we received this. Sometimes they've even gone as far as asking their government-worker contacts whether or not this applies to us and how we should go about implementing it.*
> (Participant 33)

Regarding ESG considerations, including government representation on the board may assist the firm in understanding and complying with applicable laws and policies (Guo and Yu, 2022). Using a government employee contact for guidance on how to execute these criteria is a prime illustration of the resource dependence hypothesis (Pfeffer and Salancik, 1978) in action. The

business depends on the government worker's connections and resources to gain access to knowledge and tools that would be difficult to acquire in any other way.

A board director explained that their own nomination to the board was made possible by their extensive background working for the government. Therefore, it can be said that the board understands the importance of having a government representative on hand to provide advice and advocate for the organisation:

> *My personal appointment to the board was made possible by my prior experience. They want representation and counsel from the government.* (Participant 7)

The statement is in line with the resource dependence viewpoint, which posits that corporations may reap benefits from having directors with links to major sources of interdependence and uncertainty (e.g., governments) (Hillman *et al*., 2000; Hillman, 2005). Benefits include the ability to minimise uncertainty and gain access to resources, such as counsel (Pfeffer and Salancik, 1978). When government officials are included on the board, there is more room for divergent viewpoints, since such officials may provide an overarching, national-level perspective distinct from the perspectives of the other board members (Hillman, 2005; Guo and Yu, 2022).

4.6.2.3 Youth representation

Participants have stressed the importance of including young people on government boards in the UAE. The youth are seen as vital stakeholders. Having youth representation on the board allows for the future generation of directors to be trained in the best CG practices.

> *I think one thing the UAE has done well is at least on the government boards. They've made sure there's always a youth representative on the governing board. And I think, again, that makes a great difference not only because youth are an important stakeholder but also because this is how you train up the next generation of board directors and get*

them used to good governance and so on. I think every aspect of diversity is important.

(Participant 40)

The participant emphasised the value of diverse perspectives on boards. This fits well with the existing research on board diversity, which has demonstrated that a more diverse board may enhance performance and governance by bringing new insights, views and expertise to decision-making (Post *et al.*, 2011; Hafsi and Turgut, 2013). The resource dependence perspective, which argues that for an organisation to survive over the long term, its leaders must cultivate its resources (Pfeffer and Salancik, 1978), is related to the concept of training future board directors. The UAE is supporting long-term growth and prosperity by investing in its future leaders through youth participation (UAE Cabinet, 2021).

Younger members of the board, according to the participants, help inject creativity and new ideas into the board's deliberations:

Ideally, I'd want to see some younger generation members be represented on the board. In my opinion, we need to expand opportunities for young people to serve on such boards. This is the moment for them to step forward, and I believe we should respect them and let them. (Participant 13)

The participant also argued that the government authorities should make it compulsory for the youth to serve on boards, since this would increase access to opportunities while also providing them with more experience:

Since individuals of different ages bring unique ideas to the table, I believe it would be beneficial for the government and regulatory bodies to mandate the recruitment of young people to serve on the boards of directors of publicly traded firms and other

organisations. So, this would be an excellent opportunity for them to explore and get

more expertise in this area. (Participant 13)

Existing research in the field has found that representing a wide array of age groupings on a board advances firm functions and decision-making by exposing participants to novel thinking and considerations (Post *et al*., 2011; Hafsi and Turgut, 2013). The resource dependence hypothesis focuses on the value of diversity when it comes to the acquisition of numerous resources (Pfeffer and Salancik, 1978). The theory therefore also supports the idea of extending the possibilities for diverse individuals to serve on boards (Hillman *et al*., 2000).

Increasing opportunities for youth to serve on boards is consistent with the social component of ESG. Promoting diversity, equality, and inclusion and assisting communities and stakeholders, particularly the next generation, is an essential part of social responsibility (Muñoz-Torres *et al*., 2019). A more varied and inclusive board composition may lead to better decision-making and enhanced CSR (Islam *et al*., 2022; Fernández-Temprano and Tejerina-Gaite, 2020), which is the reason the board members are pushing for the recruitment of young people. A growing number of stakeholders and investors place a premium on a company's ability to incorporate ESG aspects into its strategy and operations (Park and Jang, 2021). By encouraging the recruitment of young people on boards, companies are demonstrating a commitment to ESG values.

One of the board members brought up the new mandate that there be at least one young person on every public board, including the federal ones. The representative implied that the government mandates this standard as a sign of their dedication to youth development and empowerment. Both social responsibility and governance are reflected in the board's focus on

young members' continued education and growth. Fostering future leaders through training and education ensures the organisation's continued existence and productive work in the community:

> *A young person is represented on all public boards, notably federal ones. This requirement very recently appeared in the law. In other words, young people and adults are in leadership positions. This comes straight from the government. You should not aim for being a board member if you're just 18. Their goal is to learn as much as possible about whatever field interests them, whether it is business, entrepreneurship, academics, or anything else*. (Participant 34)

The member acknowledged that the youth, despite their lack of expertise, often bring innovative thoughts to the discussion and are, therefore, an asset to the organisation in the long run:

> *You can't discount the value of young people as a demographic, either. The government took notice. Someone in their twenties may have something to offer an organisation. It's not just about adding value. Perhaps we might help them grow by preparing them for this experience. They may not be able to contribute much at the moment due to their youth, but they will eventually learn and add value. It is about building for the future*. (Participant 34)

The concept of ESG (e.g., Muñoz-Torres *et al*., 2019) and the concept of resource security (Pfeffer and Salancik, 1978) are both highlighted by the emphasis of planning for the future. The director's viewpoint is consistent with the idea that boards benefit from having a wide variety of backgrounds and ages represented since it allows for a more well-rounded set of ideas and experiences to be drawn upon when making decisions (Islam *et al*., 2022; Fernández-Temprano and Tejerina-Gaite, 2020).

A younger presence on the board, especially in reference to the environmental element of ESG, is emphasised. The board members claimed that millennials, in particular, have been conditioned to value nature and its inhabitants more than previous generations:

> *I would argue that my generation, the millennials, have been taught to care more about the environment and its inhabitants. I believe that having a younger representation on the board, or even just someone younger on the board in general, may assist in bringing in that environmental viewpoint.* (Participant 20)

The involvement of the youth provides diverse viewpoints for the board to draw upon and aids in making sure that the firm considers the environment. As discussed by Participant 20, having a younger member on the board permits the firm to consider a new angle on environmental issues. The youth representatives provide environmental guidance, which Pfeffer and Salancik (1978) have considered to be one of the resources that is extracted from the board.

Existing literature has found a positive relationship between age diversity and CSR (Gardiner, 2022), which supports optimistic theoretical frameworks, such as resource dependence (Hillman *et al*., 2000). Recent studies have found that a more diverse board in terms of age cloud improves a firm's performance in spending on social-responsibility-related projects (Islam *et al.,* 2022). Younger boards are considered to be less conservative and more attuned to environmental risks (Xia *et al.,* 2022). From the theoretical frame of reference, it is inferred that boards with age diversity possess the ability to generate resources in the form of networks, guidance and the ability to represent a portion of the firm's stakeholders (Gardiner, 2022).

4.6.3 Summary of Theme IV

This theme examined the community resources available to board members to achieve ESG objectives. Community resources substantially impact the execution of ESG objectives, as shown

by the rich findings of second-order themes and first-order codes from board interviews. This theme consisted of two unique sub-themes that comprehensively evaluated the board members' relevant community resources.

The first sub-theme, geographic diversity, investigated the geographical variety among UAE boards and its implications for ESG objectives. This sub-theme comprised the two first-order codes: geographic proximity and nationality diversity. Geographic proximity explored how the geographical proximity of board members may supply resources to achieve ESG objectives, and nationality diversity examined how the incorporation of board members of diverse nationalities can provide resources to achieve ESG objectives.

The second sub-theme, representation diversity, focused on the implications of representation diversity on ESG objectives. This sub-theme was represented by three first-order codes: community representation, government representation, and youth representation. Community representation addressed the crucial role that community representatives play on UAE boards. Government representation analysed the participation of government officials in supporting ESG objectives, while youth representation assessed the benefits of having young representatives on the board.

4.7 Chapter summary

Four significant themes that arose from the data analysis have been presented and discussed in this chapter. The following recurring themes were established:

Theme I: Social resources

Theme II: Knowledge resources

Theme III: Contextual resources

Theme IV: Community resources.

Theme I was concerned with the social resources available to board members for achieving ESG goals. The purpose was to comprehend how board members might utilise their networks to gain access to ESG promotion resources. Board members acknowledged leveraging senior networks, experts, government networks and international networks to advance ESG goals. The board members' expansive networks enhanced their access to resources that they could employ to achieve their goals. In addition to these networks, board members reported leveraging their professional and academic ties to further their ESG goals. The breadth of functional diversity on the board enabled them to effectively use their professional network and provide informed suggestions to the board.

Theme II centred around the knowledge resources that are available to board members in accomplishing ESG objectives. The main focus was to grasp how board members could use their skills, cognitive diversity and demographic diversity to advance the company's ESG objectives. The first part focused on the board's ability to recognise synergies and the application of the skills at their disposal and to act upon them. The second part of the discussion focused on how board members can utilise their cognitive and demographic diversity to enhance their achievement of ESG objective. The research concluded that board members with diverse backgrounds and areas of expertise, such as human resources, investment banking and environmental protection, provide a larger range of resources when it comes to tackling ESG objectives. It was also revealed that diverse demographic factors, such as age, ethnicity and gender present the board with new perspectives that contribute to the achievement of ESG goals.

Theme III examined the contextual resources available to board members in achieving ESG goals. The theme focused on the tendency of board members to bring their own cultural and religious resources to the board and how this affects their approach to ESG. The theme examined

how this is due to people of diverse cultural and religious backgrounds providing diverse thinking on how to solve ESG issues and contribute to the firm's ESG goals. Certain phenomena were investigated, such as the inclination to follow the examples of the country's leadership, the cultural flux in the UAE and the tendency to adopt national policies in firms. Participants discussed how their religious beliefs impacted on how they approach ESG objectives, such as the promotion of silent giving and various religious motivations for accomplishing ESG objectives.

Theme IV examined the community resources accessible to board members for accomplishing ESG objectives. This theme examined how the board might use community resources to accomplish ESG goals by including community people on the board. Geographic diversity emphasised geographical proximity, local level board members and nationality diversity. This helped the board achieve ESG objectives by bringing initiatives and challenges with the greatest potential effect in their respective sectors to the board's attention and by providing the board with credibility and access. Diversity in representation emphasised having a range of individuals from various backgrounds, such as the community, youth and government. Community representation was suggested as a means of benefiting the business by establishing a connection with local stakeholders, giving the enterprise legitimacy and trust. The youth were seen as essential stakeholders, and youth inclusion on the board enables the next generation of directors to be mentored in the highest CG standards. The board members proposed adding a government representative to the board to guarantee a broader, national perspective was reflected alongside the narrower perspectives of the corporate sector.

The following chapter outlines the study's conclusions and results, including the model and propositions derived from the analysis and discussion of this section's four primary themes.

The next section of the thesis includes implications for practice and theory, caveats and introspective considerations.

Chapter 5

RESEARCH CONCLUSIONS

5.1 Introduction

This chapter offers a conclusion to the thesis by summarising the study's key results, introducing an emergent model and analysing the impact of diverse boards on ESG objectives. The quality of the research is assessed, based on its transferability, confirmability, credibility and dependability. The chapter then evaluates the accomplishment of the research aims and objectives. It addresses the contribution of the thesis to the current body of knowledge, notably RDT and its practical application. The study's limitations are considered, followed by recommendations for further research. The chapter concludes with a personal reflection and summary.

5.2 Summary of key findings

A thematic analysis of the pertinent academic literature was conducted and reported in Chapter 4. Figure 3 shows the consolidation of the data into four main themes. This section summarises the key findings and describes the importance of the themes and their connection to the research question.

The first theme examined the relationship between board diversity, social resources and firm accomplishment of ESG objectives. It began by demonstrating the relationship between board diversity and the various networks directors have access to (senior, government, expert and international). As evaluated by the study participants, these criteria are significant in determining an organisation's capacity to meet its ESG objectives.

The research findings on board diversity, the various types of networks and attaining ESG objectives are supported by substantial evidence. Researchers have discovered that senior networks play a key role in strategic processes (Collins and Clark, 2003). Booth-Bell (2018) has

argued that varied networks increase access to resources, whereas Edelman *et al.* (2004) have emphasised that they facilitate connection-building and cooperation. Walter *et al.* (2007) have proposed that networks improve reputation and credibility.

The findings indicate that government networks are vital to achieving ESG goals. Pfeffer (1972) has added that personal contacts with government authorities may allow the board to influence relevant laws and regulations, facilitating the attainment of ESG objectives. Yan and Chang (2018) have argued that government networks may aid in decision-making regarding ESG initiatives and ensure legal compliance, while Hillman (2005) has noted that they facilitate more effective communication and negotiation with government entities. Zhou *et al.* (2022) have discovered that government networks might facilitate the formation of relationships with public-private partnerships, resulting in a larger allocation of resources to ESG objectives.

In light of the research results on expert networks, Rafi (2022) has contended that expert networks could reduce learning curves and provide the board with relevant expertise, assisting in achieving ESG goals. The results also highlighted the value of international networks in accomplishing ESG objectives. Boffo and Patalano (2020) have claimed that tapping the expertise and resources of foreign connections may give a greater understanding of the many approaches to pursuing ESG projects, guaranteeing that the organisation is operating on a global scale.

The theme also addressed the board's functional diversity. The results revealed a substantial relationship between social contacts resulting from board functional diversity, particularly those related to work and education, and the capacity of organisations to fulfil ESG objectives. Participants in the study stressed the significance of these social connections in giving

access to resources, offering opportunities for cooperation and boosting the legitimacy of the organisation's ESG initiatives.

The research presented persuasive evidence to support the study's conclusions about the relationship between social contacts generated through board functional diversity, such as work and education, and achieving ESG objectives in organisations. Harjoto and Wang (2020) have suggested that board members with many professional contacts may draw from a larger pool of knowledge and experience when making decisions, resulting in more effective and influential ESG operations. In addition, Pfeffer and Salancik (1978) have indicated that the board's reliance on external resources, such as ESG experts and investors, may be a type of resource dependency. By employing these resources, the board may highlight best practices and priority areas. Baraldi *et al.* (2012) have highlighted the significance of inter-organisational networks and relationships for firms seeking to attain ESG objectives. Together, these results underline the crucial importance of social contacts facilitated by board functional diversity in aiding the accomplishment of ESG objectives in firms.

The second theme investigated the link between board diversity, knowledge resources and achieving ESG goals in organisations. It focused on how access to knowledge resources might support the board's capacity to accomplish these objectives. The second theme examined the available knowledge resources for board members by analysing skills, cognitive diversity and demographic diversity.

Consistent with previous research, this study discovered an interaction between board diversity, skills as a resource and the attainment of ESG objectives in firms. The research underscored the critical requirement for board members with diverse proficiencies to optimally harness collective intelligence (Macus, 2008; McIntyre *et al.*, 2007) and effectively leverage

available resources in realising ESG endeavours (Hillman, 2005; Berezinets *et al.*, 2016). The study underlined that access to the appropriate resources is vital for executing ESG goals effectively, particularly in light of the rising demand for responsible and sustainable behaviours (Harjoto and Wang, 2019). The results imply that the diverse skill sets of board members allow organisations to access a greater pool of expertise, knowledge and resources to accomplish ESG objectives (Beji *et al.*, 2021) while avoiding conflicts that might impede decision-making. The results emphasise the significance of board members holding complementary skill sets to manage challenges and prevent conflicts that may impede decision-making.

The findings of the investigation reinforce the link between board variety, cognitive heterogeneity and achieving ESG objectives in companies. Hillman *et al.* (2002) have stressed how vital cognitive diversity is within a committee by promoting diverse viewpoints, knowledge and experience. The research highlights the importance of having an extensive range of professional backgrounds so that boards can gain better insight into accessible resources to enhance quality choices while addressing environmental issues (Harjoto *et al.*, 2015). This examination indicates that incorporating members with varied educational qualifications provides organisations with valuable assets for finding new prospects and reducing hazards, which allows adaptability during dynamic business environments (Hillman *et al.*, 2009).

The outcomes of the investigation reveal how demographic diversity, which includes age, ethnicity and gender amongst other factors, affects an organisation's accomplishment in embracing ESG objectives. Despite previous research conclusions that mostly focused on differences based on gender, this study proves that diversified demographics generally aid in gaining knowledge resources for achieving ESG targets. Harjoto *et al.*'s (2015) findings indicate a negative relationship between age variety and total ESG scores. However, Beji *et al.*'s (2021)

discoveries show strong correlations between human rights activities and environmental management with diverse ages in companies' workforces. The majority of respondents concluded that a wide range of board members' of various ages was likely to push corporate environments towards prioritising matters related to environmental issues. Gender diversification and enhancing human rights practices alongside improving overall governance strategies within corporations were considered (Beji *et al*., 2021). Women work better with communications skills while balancing socialisation inside a working culture (Bridges and Hallinger, 1996). According to Wang and Coffey (1992), ethnic participation in company boards is linked positively to enhanced levels of philanthropic behaviour in organisations. Throughout this study, the participants emphasised incorporating varied experiences into decision-making processes by allowing people from different backgrounds to share their experience proactively through company boards. Businesses collaborating increases organisational awareness of critical concerns that are affecting communities internationally and go beyond language barriers.

The third theme centred on contextual resources that can be used and their value to ESG objectives. Contextual resources pertain to the working environment or context of the company, such as its cultural and religious settings. By researching the cultural and religious context of the UAE, crucial insights were acquired into how corporations may use these resources to accomplish ESG objectives.

The culture was a key factor influencing ESG integration. Participants indicated that the cultural context and norms of the board had a significant impact on the amount of ESG integration on boards. Several cultural phenomena, such as the inclination for board members to model themselves after leadership, the changing character of culture and the desire to follow

national policies, influenced how boards would incorporate ESG factors into their decision-making.

The significance of leadership role models in impacting investment decisions and company behaviour was stressed. Exposing board members to diverse opinions and cultural backgrounds can lead to creative resolutions for organisational challenges. Board members with varied cultures offer unique perspectives, ensuring that a firm's objectives align with its primary stakeholders (Roundy and Bayer, 2019). The resource dependence hypothesis highlights how important diversity is when setting goals or making choices within an organisation (Roundy and Bayer, 2019). The interviewees noted that leaders from the UAE are known for their prioritisation of social issues and compassion towards those who require support. Companies aspire towards these ideals through emulating such behaviours so they may positively influence communities while being able rely on them via community resources. These resources are described in Malatesta and Smith's (2014) resource dependence approach, which holds that organisations depend externally upon particular inputs. These inputs include the availability of human capital and being able to meet strategic aims. By engaging proactively alongside people-based value structures inherent in localised operational settings, this interaction allows firms to gain solid reputations built on trustworthy dealings, which attract necessary resources enabling continued success over timeframes.

To create a positive influence on the green economy, UAE businesses turn to their government for guidance. The UAE's leaders are highly regarded, and their visionary initiatives have motivated UAE firms to follow suit (Antwi-Boateng and Binhuwaidin, 2017). It is believed that the leaders of the UAE, particularly the sheikhs, have enormous influence over the country's public and business elites, who closely monitor their actions (Al Dari *et al.*, 2018). This suggests

that the UAE government influences businesses and people when it comes to positively affecting

ESG results (Al Dari *et al*., 2018). The environment, including cultural norms and values, directs

organisations (Pulles and Schiele, 2013). The cultural norms and values of the UAE are highly

influenced by the actions and vision of the country's leaders, which in turn affect the actions and

decisions of individuals and enterprises in the UAE (Al Dari *et al*., 2018). Organisations and

their stakeholders often replicate the actions of their leaders (Kakabadse and Kakabadse, 2006),

so that the leadership's influence on cultural norms and behaviours has a significant impact in

the UAE context.

Due to the rapid cultural changes in the UAE, research has demonstrated that recognising

cultural resources is vital for board diversity to accomplish ESG objectives (Jones, 2017). The

confluence of cultures and information caused by globalisation and the more open views of the

country's younger generation foster a new national identity and highlight the relevance of

cultural considerations in the company's success (Maclean, 2021). The UAE's resource needs

and limits drive the desire for rapid expansion, stressing adaptability and the need to attract

international investment (Biermann and Harsch, 2017). To prosper and adjust to cultural

developments in the UAE, businesses must consider the shifting cultural views of their

stakeholders (Jameson, 2007). These results accord with our study, which emphasises the

significance of understanding the cultural backdrop of the operational environment in

accomplishing ESG objectives.

Given their dependence on external resources and assistance from institutions, such as the

government, the study demonstrates that firms' compliance with ESG standards is essential to

their success (Pfeffer and Salancik, 1978; Hillman *et al*., 2000). The research examines the

relevance of policy implementation as a contextual resource and how this might impact the

behaviour of a business (Adawi and Rwegasira, 2011). Board members' familiarity with the sustainable development efforts carried out in their respective Emirates aids in formulating ESG strategy. It is laudable that the UAE government has a high rate of policy execution. Businesses that comply with ESG standards enhance their reputation and connection with the government (Hillman *et al*., 2009), which is essential considering their dependence on external resources (Al Sakkaf *et al*., 2022). This is congruent with the resource reliance hypothesis, which stresses the necessity for enterprises to maintain favourable connections with external sources of support to continue obtaining the resources they rely on (Hillman *et al*., 2000).

The research findings show a clear relationship between diversity on boards, religion as a context for guidance and achieving ESG goals. Previous studies have found that religious beliefs may influence the implementation of ESG practices. Within this sphere, members from Muslim communities could bring Islamic values, such as prioritising ethical business practices in tandem with sustainability (Tahir and Brimble, 2021). Islam places significance on serving disadvantaged people while maintaining environmental ethics that stress conservation without harming any kind of life form (Safee and Yunos, 2015; Khalid, 2002). The results aligns well with previous investigations into Islamic business ethics where social responsibility was emphasised alongside upholding human dignity (Rahman 2006). When organisations depend heavily upon external resources, such as employees (Hillman *et al*., 2009), it is critical that board members recognise their significance for the organisation's success and prioritise their welfare.

The last theme analyses how community involvement and availability of resources interact. These resources encompass the chance to learn, acquire skills or form networks with other members. As every member hails from a different background in location and demographics, it is essential they have comparable access to these benefits while also having

substantial influence on their usage. Therefore, geographical disparity should be reflected by employing varied representation throughout shared community assets, ensuring that all voices are heard regarding matters related to one's life, leading towards communal progress as an outcome.

A business' ESG performance increases when its board directors are geographically diverse, especially when the organisation includes numerous geographical divisions (Firoozi and Keddie, 2022). The relationship between the geographical closeness of board directors and ESG has not been explicitly examined in other studies. However, having directors from various locales may contribute to a more diverse perspective on ESG issues (e.g., Firoozi and Keddie, 2022). Research has revealed a positive relationship between board nationality diversity and a company's social success (Harjoto *et al*., 2019). Expanding the national diversity of board members enhances the social performance of corporations.

The directors determined that the inclusion of a local board member was essential. RDT states that enterprises depend on their surroundings for resources (Goodstein *et al*., 1994; Arnegger *et al*., 2014). A diverse board may help a firm maintain good relations with the nation they operate in by recognising local problems and concerns (Maede and Sheets, 2005; Firoozi and Keddie, 2022). According to studies on board diversity and ESG, more diverse boards, particularly those representing multiple areas, perform better on ESG (Firoozi and Keddie, 2022).

While making global investments and choices, study participants emphasised the importance of representing a wide set of nations on a company's board of directors. According to them, the diversity of the board members is advantageous since it improves the company's impact and offers new possibilities for development in the UAE and abroad. Prior research has

shown that the participation of foreign directors improves monitoring and strategic decisions concerning public and social activities (Muttakin *et al*., 2015). The findings relate to Hofstede's cultural dimensions theory, which posits that cultural differences across nations influence CSR reporting and performance (Hofstede *et al*., 2005). Diversity on the board may assist board members in appreciating cultural differences and making informed judgements on ESG efforts. A growing body of research associating board nationality diversity with ESG activities has shown that having a board with diverse origins and viewpoints is crucial for encouraging ESG initiatives (Toumi *et al*., 2022; Beji *et al*., 2020). According to the resource dependence hypothesis, the presence of board members from other countries may help a company access these resources and expand its global reach (Hillman *et al*., 2000).

Participants in the research also explored representation diversity, which characterises the degree to which an institution's governance and operations reflect the demographics of its members (Miller, 1999). Community, government and youth are examples of the forms of individual variation covered in this broad definition of representative diversity. Organisational success and effectiveness are directly proportional to the degree to which groups correctly represent society at large within their ranks (Gazley *et al*., 2010). As a consequence, organisations are better equipped to make choices that consider all their stakeholders' interests. In turn, this may increase the company's ability to develop partnerships with other companies and obtain vital resources (Gazley *et al*., 2010).

Participants emphasised the utility of community members' viewpoints on boards of directors. Community representation may aid in ensuring that a company is attentive to and responsive to the needs of the people in its service area. As stipulated by the resource dependency viewpoint, organisations must establish relationships with their stakeholders to

access the necessary resources for success (Hillman *et al*., 2001). A community member with unique experience may provide the board with a new perspective on ESG problems. The study on the relationship between board community representation and business performance supports the notion that a more diverse board may improve a firm's performance (Hillman *et al*., 2001).

The viewpoint of a community representative on the board may help firms better serve their communities by recognising and addressing local needs and interests. Having local representation on the board increases the organisation's responsiveness to the community's demands and requirements, enhancing its reputation and appeal (Ayuso and Argandoa, 2009). Following RDT, organisations must closely evaluate their reliance on external sources of support to ensure their future existence (Malatesta and Smith, 2014). The presence of community board members may aid in ensuring that the organisation's actions fit with the needs and interests of the community. This may enhance the credibility and stability of the organisation (Ayuso and Argandoa, 2009).

The board members agree that the addition of a government representative would diversify the board's debates and decisions. There have been certain members of the board who have suggested augmenting the committee by means of a government representative, aimed at ensuring that an overarching national outlook is included in tandem with more restricted perspectives from within the corporate sector. The participants agreed that the modern world's interrelated nature necessitates such variety and that the government representative and the other members must collaborate to identify areas of interest, conflict and common ground.

The resource dependence approach means that firms connect their boards with their environment, including the government, to eliminate uncertainty and obtain access, expertise, legitimacy and resources (Hillman *et al*., 2000). Including a government representative on the

board may act as a conduit to the government and assist the firm in understanding and complying with applicable laws and regulations (Hillman, 2005). The participants' perspectives underscore the significance of ESG issues in board decision-making. If the board considers both commercial and macro, national-level perspectives, it is more likely to make socially responsible decisions consistent with bigger governance issues (Guo and Yu, 2022). The participants' statements emphasise the need for coordination, particularly for social programmes, and the benefits of having government participation on the board (Hillman and Hitt, 1999; Hillman, 2005). Government officials have access to knowledge and tools that may assist companies in navigating the often complex and bureaucratic procedures of government.

Among the concerns voiced by participants is the importance of involving younger individuals on government boards in UAE. The youth population plays a crucial role as stakeholders and their presence enables future directors to receive training rooted in top-tier CG standards. Such emphasis aligns with past examinations into board diversity, which highlights how having diverse representation may heighten governing efficacy via new insights, approaches and competencies for decision-making (Post *et al*., 2011; Hafsi and Turgut, 2013).

The resource dependence approach, which contends that for an organisation to exist over the long term, its leaders must develop its resources (Pfeffer and Salancik, 1978), is connected to the notion of preparing future board directors. The UAE is promoting sustainable development and prosperity by investing in its future leaders through youth engagement (UAE Cabinet, 2021). Expanding opportunities for youth to serve on boards is also aligned with the ESG's social pillar (Muñoz-Torres *et al*., 2019). Social responsibility necessitates promoting diversity, equality and inclusion, and assisting communities and stakeholders, especially the next generation. A more diverse and inclusive board composition may result in improved decision-making and increased

CSR (Islam *et al*., 2022; Fernández-Temprano and Tejerina-Gaite, 2020), which is why the board members in this study are advocating for the recruitment of young people on boards. Increasing numbers of stakeholders and investors puts a premium on a company's capacity to integrate ESG factors into its strategy and operations (Park and Jang, 2021). By promoting the recruitment of young board members, businesses demonstrate their commitment to ESG ideals.

5.3 Emergent model of board diversity, resources, and environmental, social and governance goals

This study's findings prompted me to construct an emergent model that aims to explain how board diversity can provide unique resources that contribute to a company's achievement of ESG objectives. Through analysis of interview data and the pertinent literature, the study determined that board diversity may foster a more inclusive and holistic approach to ESG achievement. Figure 4 depicts this model.
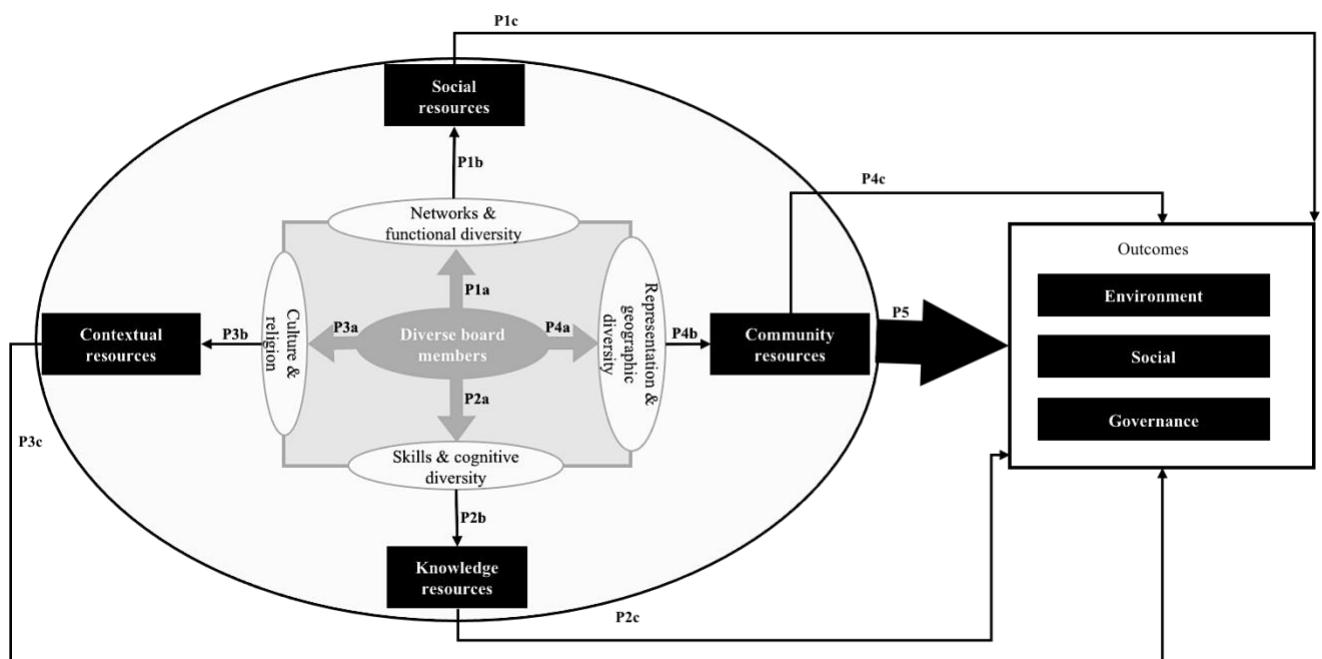

Figure 4: Research model

5.3.1 Developing propositions

A crucial component that promotes access to diverse networks and contacts is the functional diversity of company boards. This access may lead to new opportunities, stronger connections with stakeholders, and access to previously unavailable resources. For example, when corporate boards include members with diverse backgrounds, such as those in technology, finance or healthcare, they may use industry specialists and their networks to gain vital information, advice and insights. Government relationships and senior leadership networks may also provide boards with access to crucial resources, funding and assistance in crafting strategies more aligned with government policy. Diverse networks may enable access to international markets and partnerships, which may assist businesses in accomplishing ESG goals.

According to the research, diversity on corporate boards is essential for ESG performance because it enables access to various connections, expertise and resources that may benefit the firm as a whole. Social resources, such as networks and relationships, are crucial for businesses to attain ESG goals. Board members with diverse networks may have access to industry experts, potential collaborators and connections with similar social or environmental objectives, enhancing the efficiency and effectiveness of the organisation. Boards may embrace sustainable practices, build a reputation as a socially responsible firm and incorporate ESG concerns into business planning by effectively utilising social resources.

Connectivity to diverse networks may also help boards solve developing difficulties and capitalise on new possibilities. These networks may allow access to vital resources, assist communication and facilitate collaboration. As a result, boards may implement their ESG activities and accomplish their objectives more effectively by harnessing social resources. Diversified boards with access to a variety of social resources are better equipped to respond

adequately, expedite transactions and fulfil their ESG goals. Several propositions can be put forward to support this argument:

P1a Board diversity influences functional diversity and the board's access to networks and contacts

P1b Greater functional diversity and increased networks on the board lead to the accumulation and availability of diverse social resources

P1c The board's access to social resources facilitates the attainment of ESG goals

P1 Board diversity influences the attainment of ESG goals by enhancing functional diversity, increasing access to networks and contacts, and facilitating the accumulation and effective utilisation of diverse social resources.

The diversity of a board of directors can affect the achievement of ESG objectives by influencing the skills, demographic diversity and cognitive diversity accessible to the board, which in turn may allow the collection and effective utilisation of diverse knowledge resources. Such diversity may improve the board's knowledge base, facilitating the achievement of ESG objectives. The heterogeneity within a board's composition has been frequently demonstrated as integral in pooling an array of intellectual assets. This acquisition is implemented with efficacy towards comprehending environmental and societal hazards and opportunities while also establishing governance policies that align seamlessly with ESG objectives. The diversity of a board's members may increase cognitive diversity by expanding access to varied viewpoints and ideas, hence facilitating the identification and mitigation of ESG risks and the development of creative solutions. How far a board's diversity influences the achievement of ESG goals depends on its ability to harness its diverse skills, demographic diversity and cognitive diversity to acquire and

apply knowledge resources to support these objectives successfully. The following propositions can be presented:

P2a Board diversity influences the skills, demographic diversity and cognitive diversity available to the board

P2b The skills, demographic diversity and cognitive diversity within a board of directors lead to the accumulation and effective utilisation of knowledge resources

P2c The board's access to knowledge resources can facilitate the attainment of ESG goals

P2 Board diversity has the potential to influence the attainment of ESG goals by enhancing cognitive diversity and demographic diversity, increasing access to skills, and facilitating the accumulation and effective utilisation of diverse knowledge resources.

A board of directors composed of individuals from various cultures and religions may better grasp cultural and religious events relevant to their backgrounds. This information may aid in the collection of resources particular to various cultural and religious settings. These resources may be required to address ESG issues, particularly when they pertain to their particular contexts. The cultural and religious diversity of a board of directors can result in the effective collection and use of contextual resources. This diversity may help the board identify novel and effective solutions for ESG issues. For instance, having a Muslim board member while operating in a Muslim nation may present the board with ESG solutions that are consistent with the country's Islamic practices. This scenario would result in greater credibility and more effective ESG achievements. The board can make more informed decisions and develop more effective strategies for resolving ESG issues by having access to a greater diversity of contextual resources. The following propositions can be suggested:

P3a A board of directors from diverse cultural and religious backgrounds have a better understanding of the unique cultural and religious phenomena

P3b The cultural and religious diversity within a board of directors leads to the accumulation and effective utilisation of contextual resources

P3c The board's access to contextual resources can facilitate the attainment of ESG goals

P3 Board diversity has the potential to influence the attainment of ESG goals by enhancing the understanding of cultural and religious phenomena and facilitating the accumulation and effective utilisation of diverse contextual resources.

Diversity on the board can impact the board's representativeness and geographic diversity. With a diversity of perspectives, skills and life experiences that culminate in the formation of an inclusive committee, there is greater potential for the board to accurately reflect distinctive community demands and concerns. In addition, a diverse board may attract a more diversified pool of prospective board members, which can increase geographic and representative diversity. In response, this may help the board comprehend and address the concerns of local communities.

Having a board that reflects diverse communities is crucial in efficiently utilising community resources. When the members of a board come from varying backgrounds and areas, they tend to have different affiliations with local firms, organisations or individuals. These ties can help accumulate various types of resources, such as financial support, specialised knowledge or social capital, which are essential for any thriving community. Geographical diversity among the members allows them to use these acquired resources more effectively by being representative of their respective regions. With diversified viewpoints and experiences on hand within this framework comes creativity towards solving key challenges experienced by

communities today while also producing efficient solutions through collective decision-making based on experience derived locally over time.

The board's access to community resources may support achieving ESG objectives by allowing the firm to handle environmental and social concerns more effectively. For instance, a board that includes members from the local community in which they operate can better understand the social and environmental issues of the community, thereby assisting the company in developing and implementing more effective environmentally and socially responsible policies and practices. Similarly, a board with strong community ties may assist the corporation in establishing partnerships with local organisations and individuals, resulting in more successful ESG impact activities. In addition, a board with diverse perspectives and experiences may contribute to the formulation of effective governance policies that fit with the company's ESG objectives.

A diverse board may increase the board's geographic and representational diversity and allow the collection and successful use of varied community resources. This can help the achievement of ESG objectives by allowing the organisation to address environmental and social concerns and build effective governance procedures. Businesses may take a substantial step towards advancing ESG objectives by emphasising board diversity. The following propositions can be put forward:

P4a Board diversity influences the representative and geographic diversity available to the board

P4b The representative and geographic diversity within a board of directors leads to the accumulation and effective utilisation of community resources

P4c The board's access to community resources can facilitate the attainment of ESG goals

P4 Board diversity has the potential to influence the attainment of ESG goals by enhancing representative and geographic diversity and facilitating the accumulation and effective utilisation of diverse community resources.

The board of directors' access to resources may impact the company's capacity to meet its ESG objectives. Social resources relate to the board members' ties and networks. Board members with strong social ties may assist the firm in forming alliances and collaborating with other organisations, governments and stakeholders to accomplish ESG objectives. Knowledge resources relate to the board members' skills, knowledge and experience. Board members with expertise and experience in ESG issues may aid in developing and implementing successful ESG goals. Contextual resources are religious and cultural aspects that might influence the ESG performance of a firm. Board members who are aware of the company's wider operating environment may assist in identifying and resolving ESG concerns. At last, the resources available to the community are the company's readily obtainable monetary, societal and workforce-related resources within its operational vicinity. Board members with community ties may assist in mobilising and using these resources to accomplish ESG objectives.

Overall, the social, knowledge, contextual and community resources available to the board may substantially influence the company's capacity to fulfil ESG objectives. By successfully utilising these resources, the board may play a vital role in guiding the firm towards achieving its ESG objectives. It is incumbent upon corporations to guarantee their board comprises a heterogeneous and characteristic cohort. This necessitates the inclusion of an array of resources and perspectives to assist a company in realising its ESG goals through varied channels. The following proposition can be put forth:

P5 The social, knowledge, contextual and community resources available to the board impact the board's attainment of ESG goals.

5.4 Evaluation of research quality

The issue of quality criteria in qualitative research has elicited diverse opinions. Although some researchers, such as Janesick (1994) and Morgan and Drury (2003), have advocated for the use of conventional criteria, such as reliability, validity and objectivity, in evaluating qualitative research, others contend that new, paradigm-specific criteria are required (Guba and Lincoln, 1981; Lincoln and Guba, 1985; Whittemore *et al*., 2001). In contrast, other researchers have proposed particular criteria for assuring internal validity, external validity, dependability and objectivity, which are important for all forms of research, including qualitative research, although their implementation may differ based on the research technique used (Ali and Yusof, 2011). According to Morse *et al.* (2002), the notions of validity and reliability are applicable to both quantitative and qualitative research, although their operationalisation may vary between research paradigms. Guba and Lincoln (1981) and Lincoln and Guba (1981) have proposed that characteristics, such as credibility, transferability, dependability and confirmability are relevant for assessing the quality of qualitative research. Notwithstanding diverse opinions, these four criteria continue to serve as the most frequently acknowledged standards for evaluating the quality of qualitative research throughout the research community.

Interpretive qualitative research studies may not always stress the generalisability of their results but rather provide a full and in-depth description of the data and patterns observed (Jack and Anderson, 2002). The major objective of this qualitative research is to create testable hypotheses as opposed to producing data that can be broadly generalised (Lee *et al*., 1999). To

assure the validity of the qualitative study and its conclusions, generally acknowledged measures

have been implemented and outlined in Table 15 below.

Table 15: Research quality criteria

Criteria for quality	Standard practices	Implementation in this study
Credibility	• The study employs a research methodology that is both well-defined and exhaustive. • Through supervision and counselling, an experienced researcher offers direction and support. • To verify the credibility of the results, triangulation procedures are used. • Exposure to the researched population is wide and comprehensive, boosting the credibility of the findings.	• Not only is the research strategy described in Chapter 3 exhaustive, but it also gives a clear direction for the investigation. • Under the supervision of two specialists in the fields of governance and qualitative techniques, the thesis has benefited from invaluable insights and constructive criticism throughout the analysis and interpretation of the data. • Despite the fact that the use of triangulation was not systematic, there were occasions in which numerous data sources were used to corroborate conclusions. Additional board member interviews allowed for the triangulation of information gained from prior interviews. • By participating in several research initiatives, conferences, seminars and social events, the author has established a strong connection with board members of UAE enterprises, allowing for wide exposure to the population under investigation.
Transferability	• The relevance of the participants to the study issue is described in detail, including their backgrounds, experiences and viewpoints. • The study and its findings are set within their larger context, which includes both general and particular factors that may have influenced the research method and its results. • The researcher has critically evaluated their own biases and assumptions, recognising how they may have impacted the study process and results.	• The methods section (Chapter 3) describes the participants in depth, including their age, experience, education level and ethnicity. This information indicates their connection to the study question and emphasises their contribution's appropriateness. • The study is rooted in the UAE setting, with a particular emphasis on UAE boardrooms. Throughout the study, the particular contexts facing the participants were explained in detail and deemed a crucial component of the research results. • In addition, the researcher's existing understandings and their influence on the study process are recognised and put aside to guarantee the research conclusions are transparent and accurate.
Dependability	• The research approach and decisions taken during the study have been elucidated in detail, providing the reader with transparency. These decisions were based on their compatibility with the study questions and	• This thesis provides an extensive and transparent overview of the methodological choices adopted throughout the research process. • The study's foundation in social constructivist ontology and interpretivist epistemology permits an in-depth examination of how a diverse board contributes to ESG goals. • The processes for data collection and analysis

	objectives.	and the theoretical framework are compatible with these philosophical viewpoints, assuring the research's consistency and rigour.
	• The research question, technique, analysis and conclusions have been shown to be aligned and consistent, providing the reader with a clear route to follow the research process.	
Confirmability	• The researcher conducted a reflexive analysis of their subjectivity, assumptions and effects on the research process.	• During the study, the researcher participated in reflexive analysis to examine their own views, assumptions and biases that may have impacted the research process and results.
	• A 'trail of audit' was constructed to give a comprehensive and transparent record of the study procedure, including data collection, analysis, and interpretation.	• This thesis establishes an audit trail that provides a clear and transparent record of the study process. This contains the data collection and analysis methods and the reasoning for all study-related choices. A sample transcript is included in the appendices.
	• The research options and decisions taken during the investigation were shown in explicit detail.	• Throughout this thesis, the research possibilities and decisions are shown clearly and comprehensively. The methodology is detailed in full, including the selection of a study strategy, data collection techniques and data analysis procedures.

Throughout this thesis, the researcher has implemented several measures to guarantee that the research meets the quality standards of credibility, transferability, dependability and confirmability. Several procedures were used to ensure the integrity and accuracy of the findings and enhance the study's credibility.

The fundamental aspect of guaranteeing research quality in this thesis was to develop a clear, rigorous and coherent research design that fits with the study's philosophical foundations. These foundations were primarily the nature of reality and the evidence necessary to explicate the targeted occurrence—how board diversity can influence a company's attainment of ESG goals. A well-executed study design is essential for ensuring the quality of research and strengthening the criteria of credibility, transferability, dependability and confirmability. The involvement of two seasoned researchers further bolstered the study's legitimacy. They are both specialists in boards and qualitative research methodologies and served as supervisors, reviewing

the analytic process and emerging data at key points during the study. This process instilled trust in the soundness of the conclusions.

The application of triangulation methods increased confidence concerning particular first-order codes, sub-themes and aggregate themes. To ensure triangulation, two expert researchers separately analysed the data and compared their results. The nature of the sample, which included highly experienced board members who elaborated on their experiences, allows confidence in the results. The interviews were carried out with great care, adding to the data's validity and subsequent analysis.

The risk of researcher bias, which might influence the interpretation process, is a critical concern in qualitative research. Using RDT as a theoretical framework for data analysis and iterating between data and theory throughout the coding process substantially alleviated this problem in this research. To address this concern further, the author participated in self-reflection and self-examination to identify and account for any possible preconceptions or biases that may affect the study conclusions and set them aside. To increase confirmability, the research also provided a clear and logical flow of data and substantial quotations from the participants. The author supplied an entire coding structure and aggregate themes, demonstrating the analytical procedure's openness and enabling external observers to evaluate the findings' reliability and validity.

5.5 Fulfilment of aims and objectives

The study's intended aims and objectives, established at the outset, have been effectively accomplished. A concise overview of the findings is presented in the following paragraphs.

Research aim: *To investigate the relationship between board diversity, ESG objectives and available resources in organisations.* This research has produced useful insights into the

manner in which diverse board membership creates resources that facilitate the accomplishment of ESG goals through a comprehensive evaluation of board diversity. These dynamics favourably impact on available resources, resulting in the enhanced achievement of ESG objectives. The research has successfully accomplished its aim.

Research objective 1: *To explore the current state of board diversity in organisations and its impact on ESG objectives.* The research accomplished its objective by interviewing board members of UAE-based companies. The procedure for the interview included inquiries on the present level of organisational diversity and inquiries regarding ESG objectives and their accountable parties. The answers are organised thematically in Chapter 4. The results of the study suggest that board members of UAE firms recognise the importance of board diversity in contributing to ESG goals, and that they consider diversity not merely in terms of demography, but also in terms of cognitive and functional diversity. Interviewees provided instances of how diverse board members utilising various resources contributed to the achievement of ESG goals. Hence, this objective has been accomplished.

Research objective 2: *To identify the intangible resources that diverse board members devote to attaining ESG goals*. By analysing the interview data with board members in the UAE, this study identified several types of resources that contribute to ESG objectives, namely social, knowledge, contextual and community resources. Social resources centre on networks and contacts; knowledge resources emphasise information and skill; contextual resources focus on resources specific to the operational environment; and community resources refer to resources within a particular community. This objective has been successfully accomplished.

Research objective 3: *To investigate the diversity characteristics that members of boards recognised as contributing to the achievement of ESG objectives*. By utilising the procedures

outlined in Chapter 3 to analyse the interview material, this study successfully identified the diversity traits that lead to the achievement of ESG objectives. The research found that the resources of diverse board members play a critical role in shaping and influencing ESG objectives. A set of diversity characteristics were identified as essential for achieving ESG objectives, including functional, cognitive, demographic, contextual, geographic and representative diversity traits. Functional diversity refers to the diverse work and educational-based contacts that board members utilise to achieve ESG goals, while cognitive diversity is derived from the skills of diverse occupations and studies, and demographic diversity includes diverse perspectives from age, ethnicity and gender. Contextual diversity looks at the operational context of the firm, such as diverse religious and cultural backgrounds, whereas geographic diversity-focuses on nationality diversity, and representativeness diversity involves representing various diverse communities. All of these diversity traits contribute to the achievement of ESG goals. Thus, the objective of the research has been effectively accomplished.

Research objective 4: *To identify and analyse the unique contextual factors that influence the attainment of ESG objectives in UAE firms.* The examination of interview data with board members demonstrated that the religious and cultural setting influences the achievement of ESG goals. The religious settings and degree of religiosity influence the perceived responsibilities towards the social and natural surroundings the development of governance. Participants reported that the beliefs of Islam influenced their board decisions. The cultural backdrop, such as the necessity to adhere closely to government directives, behaviours and national goals, has an effect on ESG objectives. It was shown that contextual factors positively affected ESG goals. Therefore, this objective has been accomplished.

Research objective 5: *To propose a framework for the impact of board diversity on ESG objectives.* The framework represented in Figure 4 in this chapter was constructed based on the research findings and discussion and it seeks to explain how board diversity influences ESG objectives by utilising different resources. The model offers major emergent linkages and generates a number of propositions that may be investigated in future studies. This objective has also been accomplished.

Achieving the study's aims and objectives indicates that the research question posed at the outset of this inquiry has been resolved. In conclusion, this thesis demonstrates the significance of board diversity to the attainment of ESG goals by utilising a variety of resources.

This section has presented an outline of how the aims and objectives of the study were attained. The following section discusses the suggested contribution of the thesis to theory and practice.

5.6 Research contribution

This thesis constitutes a notable contribution to both the theoretical and practical domains. On the theoretical front, it advances RDT and its application to board diversity. Through an analysis of the ways in which diverse board members' resources contribute to ESG objective attainment, this study provides a nuanced and enhanced understanding of this interplay. Of particular significance are the contributions made to RDT, which include: (i) the highlighting of social resources' impact; (ii) the recognition of knowledge resources' impact; (iii) an understanding of contextual resources; and (iv) emphasis on the impact of community resources.

This study proffers pertinent observations and informed suggestions for boards and regulators in the realm of CG, thus extending its practical value. The subsequent sections expound on the scope and depth of the advancements rendered by this investigation.

5.6.1 Contribution to resource dependence theory

This thesis significantly advances RDT, particularly in the context of board diversity. Prior studies that utilised RDT as a framework to examine the contributions of board members have not adequately delivered a comprehensive understanding of the specific types of resources that board members bring (Hillman *et al*., 2000; Hillman *et al*., 2009; Pfeffer and Salancik, 1978). RDT posits that board members provide four benefits to organisations: guidance in the form of advice and counsel, access to information networks, privileged access to resources, and legitimacy (Pfeffer and Salancik, 1978). This thesis applies the resource dependence framework to the UAE context to identify the resources that board diversity conveys and how they contribute to the firm's ESG objectives. This study offers a unique contribution to the literature as it applies RDT to board diversity in the UAE, a context that has not been explored previously. By providing a detailed analysis of the specific types of resources resulting from board diversity, this study confirms RDT's utility as a framework to examine the contributions of boards.

Table 16 presents an overview of the contributions of the thesis in relation to RDT. A detailed discussion follows, highlighting the magnitude of the contribution and its implications for future research.

Table 16: Contributions to the theory

Theory	Contribution	Magnitude of contribution to research
RDT (Pfeffer and Salancik, 1978)	Four resource areas	The theoretical framework of resource dependence, originally proposed by Pfeffer and Salancik (1978), posits that boards possess valuable resources, yet it remains ambiguous as to the precise nature of these resources. In light of this, the current investigation advances our comprehension of resource dependence by delineating four distinct areas of resources: social, knowledge, contextual and community.
	Social resources	The present study engenders novel insights within the framework of RDT, particularly with regard to social resources. A diverse board brings about a host of social resources, which offer access to power and the capacity to influence the actions of the firm. This, in turn, translates into the ability to influence policy and the decision-making process, a reduced reliance on other firms that, in turn, lowers costs, access to capital and the fostering of

	collaboration and inter-organisational networks. Ultimately, these benefits culminate in the attainment of ESG objectives.
Knowledge resources	The study shows how board diversity offers firms access to knowledge resources, yielding a range of skills and expertise. This fosters self-reliance, enables diverse approaches to problem-solving and reduces reliance on external entities. Benefits include avoidance of conflicts, managing complex risks, informed decision-making, fresh perspectives, enhanced comprehension, resilience and legitimacy. It facilitates innovative solutions, uncertainty reduction, stakeholder alignment, economic efficiency and balanced strategy. These factors enhance ESG objective attainment.
Contextual resources	This study extends scholarly understanding of board diversity's contextual resources, which impact the firm's strategy, interactions with stakeholders, legitimacy and credibility. Board diversity strengthens connections, enhances efficiency, generates trust and enables integration into the global economy. It facilitates compliance with official norms, winning government contracts and fosters independence. These benefits ultimately enhance ESG goal attainment.
Community resources	This study confirms and expands scholarly comprehension of the significance of community resources resulting from board diversity. Community resources maintain favourable relations, develop an understanding of local issues and improve access to resources. Board diversity yields access to power, opportunities and enhanced decision-making. It aligns the firm's interests with the community, enhances credibility and stability and promotes a fresh perspective on ESG concerns. It facilitates addressing neglected social concerns, attracting and retaining resources, coordinating with government, providing guidance and enhancing performance. These benefits contribute to the attainment of enhanced ESG objectives.

Social resources. The study's findings revealed that social resources available to corporate boards were chiefly based on connections and networks, often resulting from educational or occupational backgrounds. These networking opportunities consist of senior-level experts, government affiliations and international associations. According to RDT, board members' access to these influential relationships allows them significant influence over actions when executing ESG goals within their businesses. By having powerful links with top executives in other enterprises, one can shape a firm's decisions according to standards aligned with societal expectations. External sources, such as governing regulations, are vital for companies looking towards achieving certain objectives. Fellow board member connectedness plays an integral role

throughout policy-making assistance through essential liaisons made among policymakers themselves. Social ties carry weight in resolving complicated issues. These complicated issues include competing priorities surrounding ethical conduct transparency, outlined under complex contexts and illustrated in studies conducted previously by Harjoto and Wang (2020). Contacts remain largely beneficial following RDT, which aligns interests between different parties at various levels so they may avoid loss due not only to preventive management but also to strategic development endeavours during uncertain times. Such channels serve as alternatives to third-party contracting—reducing organisational expenses while providing necessary assets needed most when tackling emerging threats against business viability. Since boards are dependent on outside resources, such as ESG experts and investors, for the success of the organisation's ESG initiatives, this may be seen as a form of resource dependence (Pfeffer and Salancik, 1978). By using social resources, board members can draw the board's attention to best practices and priority areas. This underscores the importance of inter-organisational networks and connections for firms seeking to achieve ESG goals (Baraldi *et al*., 2012). It is worth noting that the more resources and players an organisation can access, the better positioned it is to tackle challenges and seize opportunities (Baraldi *et al*., 2012). This is particularly relevant in the context of ESG objectives, as they necessitate a multi-stakeholder approach, involving a broad range of actors, including governments, non-governmental organisations and investors. Board diversity can be viewed as an opportunity for firms to access essential social resources for ESG goal attainment.

This study yields original contributions to the literature on RDT, specifically concerning social resources. The presence of a diversified board of directors generates a multitude of social resources that provide opportunities to access power and affect the behaviour of the organisation.

This leads to the capacity to influence policy-making and the decision-making process, which decreases the firm's dependence on external entities, thus lowering costs and improving access to capital. It fosters collaboration and inter-organisational networks, ultimately leading to the achievement of ESG goals.

Knowledge resources. This study establishes a link between board diversity and the knowledge resources available to the board, with cognitive diversity derived from study and occupational backgrounds and demographic diversity based on age, gender and ethnicity contributing to the collective knowledge. The study highlights the critical role of synthesising skills and identifying their applicability, as the value of collective knowledge may be lost without this ability. In alignment with the resource dependence hypothesis, which proposes that organisations are reliant on resources to attain their goals, this inquiry concludes that employing internal assets—specifically the varied and multifaceted expertise of board members—may diminish reliance on external resources (e.g., Hillman and Dalziel, 2003). Before seeking external resources, the study recommends leveraging internal resources, as this can enhance organisational performance (Pfeffer, 1972). Board members with diverse skills can drive innovation in decision-making and contribute to better performance outcomes, aligning with RDT's notion of accessing a diverse set of resources (Hillman *et al*., 2000).

To make sound decisions, it is imperative that board members possess complementary skills. This allows them to use their full range of abilities when faced with challenges and prevents conflicts from arising. This concept aligns with RDT's belief that managing interdependence and accessing a variety of resources can lead an organisation towards success (Pfeffer and Salancik, 1978). By acknowledging the importance of diverse skill sets within the board, organisational goals can be achieved while dealing effectively with complex risks, such as

environmental impacts or social issues (Arayssi *et al.*, 2016). Based on the suggestions of RDT, improving resource acquisition along with utilisation further enhances organisational effectiveness. The study also highlights how diversity in boards may not always produce significant results if these members cannot apply acquired knowledge into real ESG situations. Hence, ensuring appropriate capabilities among board members is pivotal for addressing current-day obstacles responsibly.

The present study posits that occupation is commonly regarded as a proxy for skills, whereby board members with different occupational backgrounds bring unique resources and viewpoints to board discussions. Ismail and Latiff (2019) have argued that diversity of resources and viewpoints is crucial for the success of ESG programmes and their alignment with organisational objectives. The authors further contend that the diverse occupational backgrounds of board members provide businesses with a range of internal resources to approach ESG, enabling companies to reduce their reliance on external resources, increase their independence, and become more self-sufficient in managing ESG. This assertion aligns with the resource dependence hypothesis, which posits that organisations rely on resources from other organisations, individuals and their environment to achieve their goals and that access to these resources is critical for their success (Hillman *et al.*, 2000). The study highlights the importance of having individuals who can act as sounding boards for ideas, providing expertise, decision-making and problem-solving abilities to the board. The variety of opinions, expertise and experiences among board members allows for the collection of information and the making of well-informed choices, particularly with regard to complex environmental and social concerns (Hillman *et al.*, 2000).

According to the theory of resource dependence, organisations must utilise available resources effectively to achieve their goals (Kakabadse *et al*., 2001). The study shows that an organisation's capacity for tackling social and environmental issues is reliant on its board members having a wide range of knowledge and experience. Those who participated in this research were able to demonstrate how their respective careers related to their expertise and abilities, and how they applied these skills within the context of a board. This unique array of experiences provides diverse opinions, which enhance decision-making processes while also making it possible for different solutions to be explored thoroughly (Hillman *et al*., 2000). Diverse individuals on a firm's board bring various backgrounds with them, including new skill sets from where fresh ideas can emerge. This can enable unconventional insights, which lead to innovative solutions (Fanto *et al*., 2010).

This study demonstrates that a board's ability to make effective decisions on environmental concerns is contingent upon the knowledge and experience of its members. Board members with diverse occupational backgrounds and perspectives provide a broader information range, facilitating informed decision-making (Ibrahim *et al*., 2003). The availability of diverse knowledge resources is critical for organisational success, enabling the board to comprehend issues from multiple perspectives (Hillman *et al*., 2000). Diverse directors ensure that the organisation considers various views and problem-solving approaches, reducing reliance on a single resource and increasing organisational resilience. For example, a board member with an environmental studies background can broaden the company's focus to encompass not only corporate strategy and performance but also issues related to quality, sustainability and governance (Harjoto *et al*., 2019). This holistic approach may lead to improved corporate and stakeholder outcomes.

Research has established that a diverse board membership confers a competitive advantage upon an organisation by broadening the scope of skills, knowledge and information available to it (Hillman and Dalziel, 2003). A diverse board composition is instrumental in providing essential resources to the organisation, such as global legitimacy, awareness of diverse cultural norms and a deeper understanding of international business practices. Given the growing emphasis on ESG issues, it is crucial for board members to possess a tangible understanding of and proficiency in this topic, whether through a relevant degree, knowledge or project. One particularly noteworthy resource that can be derived from an ESG expert on the board is legitimacy. Based on RDT, the board can offer legitimacy as a resource (Hillman *et al.*, 2009). Therefore, having an ESG expert on the board who possesses in-depth knowledge of the industry can furnish the company with knowledge, skills and legitimacy for its ESG efforts and bolster its stance on these issues.

The contemporary emergence of ESG considerations in the corporate world reflects the ongoing evolution of organisational practices. To effectively navigate this dynamic landscape, fostering innovative perspectives and diverse insights is crucial. According to the resource dependence hypothesis, board members' unique resources can help reduce uncertainty, particularly in contexts of gradual change (Hillman *et al.*, 2000). A heterogeneous board composition encompassing a range of educational backgrounds can furnish organisations with various valuable resources. This diversity can facilitate the identification of new opportunities and risk management strategies, enhancing the adaptability of the firm in the face of rapid business environment transformations (Hillman *et al.*, 2009). A multiplicity of perspectives, including those based on age differences, may facilitate the discovery and integration of an extensive array of resources, including innovative approaches to ESG issues. New ideas, views

and knowledge gleaned from board members of diverse ages can contribute to better business outcomes and enhanced stakeholder value (Rose, 2005).

Drawing from RDT, the interplay between external environmental factors and a firm's reliance on specific resources and connections was considered (Nienhüser, 2008). The composition of a board composed of individuals with diverse backgrounds and priorities may facilitate a better understanding of the external environment and the importance of ESG issues for businesses (Shakil *et al.*, 2020). A more balanced approach to economic efficiency and ESG concerns may be developed. A gender-diverse board may provide fresh perspectives and enable firms to better comprehend their customers' needs according to RDT (Hillman *et al.*, 2000). This may enhance the company's capacity to communicate with its clientele, discern their preferences and provide satisfactory services in response. By incorporating multiple perspectives, the organisation may be better equipped to manage the challenges and opportunities arising from an evolving business environment (Hillman *et al.*, 2000).

According to Hartmann and Carmenate (2021), boards that incorporate ethnic diversity in their membership are likely to make more informed decisions and have a greater impact through their charitable contributions. This finding is supported by the resource dependence hypothesis, which suggests that diversification of resources can enhance organisational competitiveness and adaptability (Wang *et al.*, 2021). Analysis of the data further indicates that diverse boards can better address governance issues by leveraging a broader range of knowledge, context and insight. The study supports the notion that a diverse board is better positioned to comprehend cultural and political climates in other countries (Van Veen and Elbertsen, 2008), reducing the likelihood of unintended consequences resulting from the company's actions. To navigate

complex and shifting contexts, businesses require access to diverse resources (Hillman *et al.*, 2009).

The current research presents new insights into RDT by examining how board diversity enables firms to access knowledge resources. Knowledge resources refer to a diverse range of skill sets and expertise, leading to reduced reliance on external entities, broader skill utilisation and the avoidance of decision-making conflicts. Diverse cognitive frames and problem-solving capabilities facilitate risk management and the cultivation of expertise, ultimately strengthening a firm's independence and providing a sounding board for ideas. Informed decision-making, fresh perspectives, insights and expertise contribute to enhanced comprehension, resilience and a holistic approach to operations. Board diversity supports the achievement of ESG objectives by facilitating innovation, reducing uncertainty, promoting alternative approaches, aligning with stakeholders, enhancing economic efficiency, adopting a balanced strategy, improving communication and achieving a superior grasp of information.

Contextual resources. This thesis offers a novel contribution to understanding contextual resources and their potential influence on a firm's achievement of ESG objectives. Contextual resources, which refer to cultural and religious contexts, have been identified as crucial but underexplored factors in the attainment of ESG goals. Drawing on RDT, this research acknowledges the significance of contextual resources in shaping a firm's strategy, goals and interactions with stakeholders (Roundy and Bayer, 2019). Culturally embedded resources may enhance a firm's legitimacy, credibility and stakeholder engagement, promoting greater efficiency and durability (Rindova *et al.*, 2011). RDT posits that a firm's success and survival depend on the availability of resources in its external environment (Biermann and Harsch, 2017). Thus, having a diverse board with members from different cultural backgrounds can increase a

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firm's access to external resources and offer novel insights that can enhance performance and competitiveness (Roundy and Bayer, 2019). Culturally diverse board members can help ensure that a firm's priorities align with its most important stakeholders and bring fresh ideas (Roundy and Bayer, 2019). It is widely acknowledged that firms rely on the support and resources of external parties, such as governments and regulatory agencies (Bode *et al*., 2011). In this context, recognising the importance of contextual resources can aid firms in effectively managing their external relationships and obtaining necessary resources. By leveraging their cultural resources, firms may establish stronger connections with stakeholders and improve their chances of achieving ESG objectives.

The present study finds support for RDT, which underscores the importance of cultural diversity in shaping organisational goals and decisions (Roundy and Bayer, 2019). The study also highlights how the presence of socially and environmentally conscious executives can significantly influence corporate behaviour and decision-making, as evidenced by their choice to invest locally. This finding confirms the view that organisations rely on external resources, such as the community, to achieve their objectives (Malatesta and Smith, 2014). By aligning their values and actions with those of the community and its leaders, companies can cultivate trust and establish a favourable reputation, which in turn facilitates the acquisition of necessary resources for success. Businesses in the UAE are increasingly looking to the government for guidance in their efforts to promote a green economy. The UAE's visionary policies and the high regard in which its leaders are held have inspired businesses throughout the country to follow suit (Antwi-Boateng and Binhuwaidin, 2017).

A company's success depends on external factors, such as social norms and cultural habits (Malatesta and Smith, 2014). As leaders tend to influence those around them (Kakabadse

and Kakabadse, 2006), their impact on cultural behaviours can be significant in places like UAE. With its integration into the global economy comes an increase in liberal, capitalist ideals, which have been readily adopted by businesses. This has led to swift implementation of reforms transforming it into a secure environment for conducting business ventures (Alexander and Mazzucco, 2021). Board members are now keenly demonstrating philanthropic and altruistic behaviours both socially and professionally since they place great importance upon these values within this new dynamic culture that is being created through globalisation.

RDT postulates that organisational behaviour and frameworks are predominantly influenced by environmental factors and may not fully account for the cultural, ideological and institutional considerations that shape the development and progress of firms in the UAE (Johnson, 1995). To comprehend the dynamic cultural landscape and its impact on businesses in the UAE, cultural aspects must be considered in conjunction with RDT (Johnson, 1995). A thorough understanding of the rapidly changing cultural scene in the UAE (Jones, 2017) and RDT (Johnson, 1995) could potentially provide culturally adept directors with a strategic advantage in navigating these changes and exploiting novel opportunities. By closely monitoring the shifting cultural norms and aligning their corporate strategy with current developments, directors can better position their company to capitalise on new business possibilities and gain a competitive edge (Jameson, 2007).

The research reveals that the policy direction set by the Dubai administration is anticipated to significantly impact the operations of businesses and their pursuit of a paper-free workplace, underscoring their reliance on the external environment. This aligns with the resource dependence approach, highlighting the critical role of resources in shaping organisational behaviour and action (Pfeffer and Salancik, 1978). Engaging in the Industry 4.0 initiative and

associated endeavours strengthens a firm's control over its resources and environment, increasing its chances of success. By spearheading eco-friendly efforts, such as the paperless government project, firms demonstrate their support for the administration and establish credibility with it, which is essential since they depend on the government (Hillman *et al.*, 2009). The study finds that UAE businesses recognise the value of government support and its contribution to their success. They actively participate in initiatives, such as the clean energy programme, to maintain favourable relationships with the government. Two potential benefits for companies that participate in these programmes are an increased likelihood of winning government contracts and receiving preferential treatment in tenders.

The study reveals that, according to RDT (Hillman *et al.*, 2000), the beliefs and actions of religious philanthropists can have implications for the successful execution of CSR programmes. The philanthropists' preference for anonymity suggests they prioritise their donations' moral and ethical ramifications over public recognition. Consequently, ethical considerations may supersede financial ones, influencing their investment decisions and the company's adoption of ESG practices (Zain *et al.*, 2014). This study corroborates previous research and RDT, emphasising the role of cultural values and norms in shaping organisational behaviour (Nienhüser, 2008). For instance, research has highlighted the significance of maintaining non-confrontational attitudes among residents of the UAE (Almazrouei and Zacca, 2015). Klein *et al.* (2009) have suggested that the UAE's religious and cultural background affects organisational behaviour by stressing values such as deference to authority and avoiding conflict.

The study reveals that altruistic actions undertaken by UAE firms are not driven by a desire for publicity or recognition, highlighting the influence of religion and independence from other factors. The board members' conduct illustrates their commitment to the Islamic concept of

anonymity in charitable deeds and their reluctance to be swayed by external pressures. This perspective can be viewed through the lens of RDT (Hillman *et al*., 2009), which suggests that the board's desire to positively impact on the community reflects their recognition of the interdependent relationship between the organisation and its stakeholders. The study shows that addressing specific needs can enhance a company's reputation and establish its credibility within the community, which may lead to greater support and access to resources in the future. Incorporating Islamic principles into a company's ESG objectives may appeal to a wider range of stakeholders, including Muslim customers and investors who value ethical and social responsibility. RDT asserts that businesses rely on external resources and stakeholders for their survival (Pfeffer and Salancik, 1978). Adopting Islamic values into their ESG goals may help firms to cultivate and maintain positive relationships with these stakeholders, which can ultimately benefit the organisation's long-term viability.

The findings of this study align with the resource dependence perspective that posits that a firm's strategic decisions are shaped by its internal resources and capabilities rather than solely by its pursuit of profitability (Hillman *et al*., 2000). By prioritising ESG concerns and integrating them into its decision-making processes, the company demonstrates a commitment to the welfare of its local community and the environment. This is a critical asset for ensuring a firm's long-term success and sustainability. This approach is consistent with the resource dependence hypothesis, which suggests that organisations rely on their external environment for resources and must adapt to environmental changes to survive (Pfeffer and Salancik, 1978). The company's board members recognise the importance of preserving the ecosystem and have taken measures to ensure that their projects do not harm the local fauna. The literature supports this approach in the relationship between Islam and the environment, which emphasises the need to

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protect the natural world and avoid harming living beings (Safee and Yunos, 2015). Concurring with the resource dependence hypothesis, the board members acknowledge the value of employees as a critical resource for the firm and are willing to make trade-offs to safeguard their safety and well-being.

The study confirms and expands the academic understanding of the contextual resources that are available to boards by virtue of their diversity. Contextual resources significantly impact the firm's strategy, goals, interactions with stakeholders, legitimacy and credibility. Board diversity facilitates the strengthening of connections with key stakeholders, enhances efficiency and durability, promotes superior performance and competitiveness and provides new insights, support and guidance in aligning organisational objectives and choices. It also has an impact on the behaviour and decisions of corporations, generates trust, establishes favourable reputations, social norms and practices, enables integration into the global economy, captures cultural, ideological and institutional considerations, provides the ability to grasp the dynamic cultural landscape fully, confers a strategic advantage in navigating changes and capitalising on new opportunities and allows firms to remain ahead of the competition.

The inclusion of heterogeneous board members fortifies understanding and recognition of the company's environmental and physical resources. It heightens achievement likelihood by adhering to established governing laws while concurrently facilitating preferential treatment when acquiring governmental contracts or making bids for potential projects. It establishes an enhanced ethical focus on all business procedures concerning moral implications emphasising cultural values, such as deference towards authority figures while encouraging conflict aversion in situational dynamics. This diversity secures independence from external influences without sacrificing mutual collaboration between stakeholders within their respective communities;

aligns itself with identifying needs through resource allocation effectively promoting recognisable credibility among its contemporaries; opening doors for future resource and support opportunities; contributing significantly toward sustained growth prospects amongst core constituents—ultimately ensuring long-term durability; and utilising each employee asset available at hand during critical junctures. These benefits lead to improved attainment of ESG goals.

Community resources. This thesis highlights the significance of community resources, specifically geographic and representative diversity, for corporations. The findings are consistent with the resource dependence hypothesis, which suggests that businesses rely on their surrounding environment to acquire resources (Goodstein *et al*., 1994; Arnegger *et al*., 2014). Having diverse board members, including those from different regions, may help businesses maintain positive relationships with the countries in which they operate by enhancing their understanding of local issues and concerns (Maede and Sheets, 2005; Firoozi and Keddie, 2022). This observation aligns with research demonstrating that more diverse boards are associated with better ESG performance (Firoozi and Keddie, 2022). The resource dependence perspective (Pfeffer and Salancik, 1978) supports the notion that geographical diversity is advantageous for businesses, as directors with local expertise can facilitate more efficient resource access and utilisation. By having a board member who is familiar with the local market, corporations are better equipped to appeal to local stakeholders and establish links with local communities.

The present study suggests that having a culturally diverse board may serve to mitigate cultural misunderstandings and facilitate more effective decision-making regarding CSR initiatives (Hofstede *et al*., 2005; Matten and Moon, 2008; Jamali and Neville, 2011). This is because national cultural variations can contribute to disparities in corporate values and CSR

practices (Halkos and Skouloudis, 2016). The resource dependence hypothesis posits that a diverse board can provide firms access to a wider array of resources and perspectives, enhancing decision-making and productivity (Hillman *et al.*, 2000). Having board members from diverse nations may enable firms to expand their global reach and acquire new resources, which aligns with RDT (Hillman *et al.*, 2000).

The study highlights the importance of organisations establishing relationships with their stakeholders to gain access to essential resources necessary for their success, which aligns with the resource dependence perspective (Hillman *et al.*, 2001). The unique perspective that community representatives bring to the board enhances the emphasis placed by board members on ESG concerns. By incorporating the community's viewpoints, businesses may better recognise and respond to local needs and interests, contributing to improved community service. Including community representatives on the board fosters greater accountability towards community needs and desires, which enhances the organisation's reputation and popularity within the community (Ayuso and Argandoña, 2009). In line with RDT, organisations must be mindful of their dependence on external sources of support to maintain long-term viability (Malatesta and Smith, 2014). Ensuring that the organisation's actions align with the community's needs and interests may be facilitated by including community members on the board, enhancing the organisation's credibility and stability (Ayuso and Argandoña, 2009).

The present study demonstrates the congruence of the board members' strategies with the resource dependence hypothesis, which posits that firms that foster relationships with their constituents are more likely to succeed (Jiang *et al.*, 2022). By prioritising employee feedback and cultivating a supportive work environment, the board can enhance the firm's reputation and profitability by increasing staff loyalty and productivity. The study finds that the inclusion of a

community member on the board enables the organisation to address previously overlooked social issues, aligning with the tenets of RDT, which emphasises the importance of external resources for organisational survival (Pfeffer and Salancik, 1978). Prioritising the needs of lower-level employees benefits those workers and fosters positive relationships with the surrounding community, potentially improving the company's ability to attract and retain resources (Hagen and Huse, 2007).

Based on the notion of dependence, businesses can decrease uncertainty and heighten their availability to critical resources, such as knowledge, legitimacy and information by aligning their board structure with external factors, including government (Hillman *et al.,* 2000). Adding a governmental representative on the board may act as an intermediary between company and state, providing valuable insight while ensuring compliance with relevant regulations (Hillman 2005). For social programmes coordination, this relationship can be essential. Therefore, advantages can ensue from including officials in management goals (Hillman and Hitt, 1999; Hillman, 2005). Crucial aspects are pointed out that elucidate how government representatives hold invaluable experiences and resources that are of assistance in navigating intricate bureaucratic processes. This is aligned with RDT, connecting successful ventures' access to crucial relationships or resources (Pfeffer and Salancik, 1978). In ESG considerations, integrating government representation broadens comprehension while facilitating adherence towards appropriate laws and policies (Guo and Yu, 2022). Interaction regarding these requirements renders prime examples where RDT applies (Pfeffer and Salanacik, 1978).

The present study indicates that a more diverse board can enhance performance and governance by providing novel insights, perspectives and expertise during decision-making (Post *et al*., 2011; Hafsi and Turgut, 2013). The research reveals that preparing young individuals to

assume board roles is a strategy that can be used to develop future resourceful board members (Post *et al.*, 2011). This approach aligns with RDT, which contends that an organisation's leaders must cultivate its resources to ensure long-term survival (Pfeffer and Salancik, 1978). The ESG notion of sustainability (e.g., Muñoz-Torres *et al.*, 2019) and RDT's emphasis on resource acquisition (Pfeffer and Salancik, 1978) are both underscored by the emphasis on planning for the future. The study findings are consistent with the idea that having a board with diverse backgrounds and ages can be beneficial since it enables a more comprehensive range of ideas and experiences to be considered when making decisions (Islam *et al.*, 2022; Fernández-Temprano and Tejerina-Gaite, 2020).

The present study extends and validates scholarly understanding of the significance of community resources that result from a diverse board. Such resources are crucial for maintaining positive relations with the host country, gaining insights into local issues and concerns, enhancing access to and utilisation of resources, appealing to local stakeholders, and establishing connections with local communities. Board diversity also offers access to power, opportunities, improved decision-making, productivity, a broader global reach and the development of relationships with stakeholders. In addition, board diversity promotes a fresh outlook on ESG matters, facilitates the identification and response to local needs and interests, enhances the firm's reputation and popularity with the community, aligns the firm's interests with those of the community and improves credibility and stability, inspiring greater loyalty and productivity.

Board diversity enables the resolution of neglected social issues by bringing novel perspectives to bear; facilitating resource attraction and retention; serving as a conduit to the government; assisting the firm in gaining insight into and complying with relevant regulations; coordinating and navigating complex bureaucratic processes; providing guidance; enhancing

performance; cultivating new perspectives, ideas and expertise; and promoting a more comprehensive range of experiences to draw upon when making decisions. The cumulative effect of these benefits leads to the achievement of improved ESG objectives.

5.6.2 Contribution to practice

This thesis investigates a key issue that is of importance for both corporate entities seeking to attain their objectives through board selection and regulatory bodies charged with establishing guidelines. The findings and insights derived from this study could be beneficial in enhancing the overall efficacy of board governance and a corporation's capacity to achieve ESG objectives, particularly in the UAE.

The present thesis concurs with existing literature on the impact of board diversity on corporate behaviour (Harjoto *et al*., 2015; Harjoto *et al*., 2019; Goyal *et al*., 2019; Beji *et al*., 2021) and highlights the specific influence of board diversity on ESG practices (Post *et al*., 2011; Harjoto *et al*., 2015; Harjoto *et al*., 2019; Beji *et al*., 2021; Bear *et al*., 2010). However, while the majority of the literature focuses on quantitative analysis, this study adopts a qualitative approach to better understand the underlying mechanisms that drive the impact of board diversity on ESG practices. For example, one study tackles social resources and finds that the networks of board members can impact ESG performance (Harjoto and Wang, 2020), while others attribute improved ESG performance on diverse boards to the diversity of perspectives (Beji *et al*., 2021; Bear *et al*., 2010; Post *et al*., 2011; Harjoto *et al*., 2015). This study identifies a range of resources to which diverse boards can contribute, including social, knowledge, contextual and community resources, all of which can facilitate ESG objective implementation.

The UAE has recently implemented a quota requiring at least one female board member, indicating a commitment to diversity (Locke, 2021). This study's findings suggest that the UAE

has taken significant steps to promote ESG practices, such as the Pearl Project, Ma'an and Hawkamah, and has set policies, such as the paperless workplace. This study can inform UAE regulators on how to achieve their goal of improved ESG outcomes by providing insights into the impact of diversity characteristics on ESG practices. For instance, just as they have done with gender, they may recognise the diverse traits that have an influence on ESG and add additional board criteria.

The study also highlights the importance of contextual factors in motivating board engagement in ESG practices. For instance, the study suggests that board members tend to emulate the behaviour of the country's leadership, indicating that if the government shows concern for a cause, the board is more likely to follow suit. The study reveals that complying with government guidelines on ESG can help firms win government tenders or contracts, indicating that the introduction of ESG requirements as a prerequisite for participating in tenders could be beneficial. Therefore, the findings of this thesis can assist UAE regulators in developing effective policies, regulations and rules to promote ESG practices and achieve their broader sustainability goals.

A second noteworthy aspect of organisational practice pertains to the board's understanding of its functions and the effects of its contribution. The existing scholarship has shown that boards' roles encompass more than just monitoring and oversight. They actively shape the firm's strategic direction (e.g., Bear *et al*., 2010). However, this study highlights that the board's involvement in ESG issues is significant for two reasons. First, the board has the authority to grant the final approval of budgets that are devoted to ESG initiatives. Second, ESG considerations affect the firm's ability to secure government contracts and tenders in the UAE. My empirical findings demonstrate that board members with diverse backgrounds and expertise

actively contribute to advancing ESG objectives by leveraging their social networks, knowledge and contextual and community resources.

This research presents valuable insights for firms seeking to enhance their understanding of boardroom dynamics and the potential benefits of board diversity in relation to their pursuit of ESG objectives. The study identifies that a diverse board is likely to enhance a firm's capacity to access social resources, enabling it to exert greater influence on policy-making and decision-making processes while reducing external dependencies and associated costs. In particular, the study highlights the importance of functional diversity in terms of work and education-based contacts in enhancing the social resources available to a firm through its board. Such diversity can enable a board to leverage social networks more effectively, thereby enhancing the firm's capacity to access social capital and collaboration opportunities, which can influence its ESG-related decisions and actions. Overall, these findings underscore the potential benefits of board diversity in enhancing a firm's capacity to achieve its ESG goals. By recruiting board members with diverse functional backgrounds and social networks, firms can improve their ability to access critical social resources, reducing their reliance on the external environment, enhancing their influence on policy and decision-making processes and supporting their efforts to promote sustainable practices and enhance social and environmental performance.

A diverse board, consisting of individuals with varied occupational and study backgrounds and differences in age, gender and ethnicity, may provide valuable knowledge resources. This cognitive and demographic diversity can yield a broad range of skills and expertise, promoting self-reliance, diverse problem-solving approaches and reducing reliance on external entities. The advantages of such diversity include conflict avoidance, management of complex risks, informed decision-making, fresh perspectives, enhanced comprehension,

resilience and legitimacy. It can facilitate innovative solutions, reduce uncertainty, align stakeholders, promote economic efficiency and foster a balanced strategy. Such benefits contribute to the achievement of ESG objectives.

This study offers significant insights for firms seeking to understand the benefits of aligning their operations with the cultural and religious values of their countries. By leveraging contextual resources, firms can develop ESG objectives better suited to their target country's needs. For instance, in the UAE, such resources can influence a firm's strategy, stakeholder interactions, legitimacy and credibility. By capitalising on these resources, firms can establish stronger connections with stakeholders, improve operational efficiency, foster trust and facilitate integration into the global economy. Firms can increase their likelihood of complying with official norms, securing government contracts and achieving greater independence.

This study provides insights into the benefits community resources can offer firms seeking to achieve their ESG objectives. Community resources are acquired by including board members with diverse geographic backgrounds and representatives from local communities. Such resources enable firms to cultivate positive relationships with their stakeholders, enhance their understanding of local issues and improve their access to critical resources. Community resources facilitate access to power, opportunities and improved decision-making capabilities. They foster alignment between the interests of firms and those of the community, bolster credibility and stability and promote innovative perspectives on ESG concerns.

They enable firms to address neglected social issues, attract and retain resources, coordinate with government entities, provide guidance and improve performance. Therefore, firms that are committed to advancing their ESG objectives can benefit significantly from

leveraging community resources. They can enhance their sustainability efforts, contribute to the well-being of local communities and achieve long-term success.

In the subsequent section, a concise enumeration of the study's limitations are expounded.

5.7 Research limitations

The limitations of this thesis are primarily manifested in the methodology employed and the extent to which the results and conclusions can be generalised beyond the study's specific context. The present study was cognisant that its findings and conclusions are confined to the UAE corporate boards, which are shaped by numerous contextual factors affecting ESG adoption, as outlined in Theme III. The globalised nature of the UAE exerts an influence on the characteristics of board directors and ESG goal accomplishment. Notably, the sample was not designed to explore the potential variation in board diversity characteristics and ESG goal attainment across sectors. For instance, the distinctions between high-risk ESG sectors, such as oil and gas, and low-risk ESG sectors, such as green energy, were not examined. Although the study emphasised individual diversity and ESG goal attainment, the sample included a diverse range of sectors and company types (i.e., private or listed), but no significant disparities were observed.

Nevertheless, future research could explore sector-specific differences, such as between financial and non-financial corporations or manufacturing and service, and high-risk and low-risk sectors. In other contexts, diversity on the board and ESG goal attainment are subject to varying constraints and expectations influenced by distinct regulatory frameworks and social and cultural norms. These contextual differences can significantly shape board behaviour, the importance of ESG and the practices they adopt. Thus, it is postulated that this research's

interpretive and exploratory nature, which is bounded by its specific context, restricts its transferability solely within that particular context. However, certain components may have the potential for applicability in disparate contexts, contingent upon requisite adaptations.

One potential limitation of this study, despite efforts made to mitigate it, as detailed in Section 5.4 of this chapter, pertains to the subjective and interpretive nature of the research. It is important to acknowledge that presuppositions, encounters, principles and affiliations with the study subjects may have influenced the outcomes at every stage of the study. While the measures taken cannot claim to eliminate researcher-induced bias entirely, the author has endeavoured to maintain transparency and uphold the integrity of both the research and the participants, in alignment with Lincoln and Guba's (1985) criteria to ensure the reliability and validity of findings within the context of qualitative inquiry. The author has strived to produce evidence-based findings and conclusions that are deserving of recognition and acceptance from both the research and practitioner communities.

An additional potential constraint pertains to the sample size, which consisted of 42 participants in this doctoral thesis. Nonetheless, as previously elucidated in Chapter 3, the sample size was determined by data saturation. The saturation of the majority of themes presented in Chapter 4 was accomplished after conducting 15 to 20 interviews. Despite having attained data saturation, the author proceeded to conduct a few more interviews due to the participants' willingness to be interviewed. The data obtained from these interviews was then employed to enhance the validation of the themes observed.

5.8 Further research

This thesis presents significant and novel contributions to the literature on board diversity and RDT. However, it is also subject to certain limitations, as outlined above. First, the research

employs a representative subset of 42 UAE-based board members, and future research may extend the sample size for robustness. Second, the research relies on interview questions with open-ended responses, which utilise interpretative approaches. Further research may adopt quantitative and objective methods to validate the results. Future researchers may adopt a longitudinal approach that offers insight into individual directors' deep-rooted beliefs and how their ESG goal attainment shifts over time. Future scholars can also employ a case study methodology and observational approaches to further scrutinise and validate the outcomes of this thesis. An additional avenue for future investigation pertains to the model and propositions that surfaced in this study. Subjecting these constructs to empirical testing and refinement would amplify their generalisability and enhance their capacity to be adopted by boards throughout the UAE.

Third, UAE-based research may not suit the contextual factors in other parts of the Middle East or around the globe. An additional avenue for research entails examining the present study's findings in the UAE along with those of other nations, such as the UK and the US. While this study centred solely on the UAE due to its confinement within the scope of a PhD thesis, the mounting trend towards ESG adoption across the globe presents a pressing need for further inquiry. Therefore, future investigations on the relationship between board diversity and the achievement of ESG objectives in other countries are warranted to provide a more comprehensive perspective. This investigation reveals a significant association between boards and resources. Conducting cross-national comparative analyses could illuminate whether this empirical relationship holds in diverse geopolitical contexts. By undertaking such research, it would be possible to draw meaningful comparisons between nations, detect commonalities and

disparities, and ascertain the areas that require improvement in governance practices to foster the attainment of ESG objectives.

Future research may highlight the combined impact of various board diversity features on ESG, concentrate on specific industries, compare different industries and investigate other outcomes of board diversity, such as firm value. Another avenue of inquiry that merits investigation is the impact of board diversity on firm value in the UAE. While this study concentrates on the influence of board diversity on ESG objective achievement, it is noteworthy that boards also aspire to augment firm value. Hence, future research endeavours may concentrate on the relationship between board diversity and firm value or profitability. Such investigations could be contrasted with the present study to discern both overlapping and divergent outcomes. Finally, future research may build on the findings of this research to explore other relevant board characteristics or experiences that may contribute to the attainment of ESG objectives.

5.9 Personal reflection

As I approach the culmination of my doctoral research, it is an opportune moment to contemplate all that has led me to this point. The journey was difficult and took longer than expected, with both exciting moments and tough times, which included mental breakthroughs along with both research and personal hurdles that all presented me with opportunities for growth and discovery. In hindsight, immersing myself in intellectually stimulating topics gave me profound knowledge, giving rise to intricate questions while widening my horizons beyond imagination. However, such a process taught me humility as a result of being fraught by innumerable obstacles, starting with acquiring data to occasional self-doubt.

Throughout the challenges encountered, various sources have fuelled my motivation and inspiration. Support from my supervisors, colleagues and loved ones has been vital. The outstanding support provided by my supervisors along the complex research route provided me with the unrelenting concentration and perseverance required to accomplish this research. They established a comfortable environment where I could confide in them about everything, from academic pursuits to personal matters. My supervisors encouraged me and provided me with the confidence and opportunities to publish my work and develop my teaching. My supervisors played an instrumental role in shaping not only who I am today but also what opportunities can arise from the developments contributed by them. They were always accessible whenever I needed them, even on weekends and holidays, which made a significant difference to my experience. It could also be very lonely sometimes, but with the support of my supervisors and colleagues my emotional stability and well-being was improved. For example, Nada went out of her way to see how I was doing and invite me for coffee on campus when she felt I would be alone for extended periods of time while working on this thesis.

During the process of composing my thesis, I encountered the challenge of concurrently producing publications in scholarly journals, book chapters and practitioner articles, and presenting at conferences, engaging in pedagogy, and acquiring teaching certifications, such as HEA. The escalating expectations placed upon emerging academics imposed significant pressure on me. In the absence of stringent deadlines, submission dates or external demands for work, I was compelled to cultivate effective time management skills, establish milestones and ascertain my personal capabilities and limits. Through this process, I acquired proficiency in project management and the ability to multitask without sacrificing focus.

I found it invigorating to explore and conduct research beyond the scope of my doctoral studies. This experience fostered an ability to discern research potential in a multitude of areas. For instance, upon being introduced to blockchain organisations, I recognised promising research avenues in their governance with the support of my supervisors.

I realised the importance of mentorship. My supervisors encouraged me to engage in other research that I was interested it and instructed me on how to integrate it with extant research. Nada also provided guidance on organising papers, identifying appropriate journals, submitting my initial papers and selecting conferences for participation, among numerous other valuable insights.

My supervisors are not the only ones who deserve my gratitude. I owe my loved ones gratitude. They have been there for me every step of the way and have offered constant encouragement and support. Their love, guidance and steadfast belief in me made all the difference as I confronted numerous challenges while pursuing doctoral research work. My loved ones' constant inspiration has given me essential backing at every critical moment on this path towards success. They have been there to help keep me motivated regardless of any adversity encountered along the way. Their unyielding confidence in my abilities acted as a guiding light that inspired me beyond mere limits when striving for excellence within academic contexts or other aspects of life's endeavours too! My friends and family have helped me out tremendously, from being patient with my endless research ramblings to surprising me with visits. All of which contributed to giving me the perseverance and motivation to complete this thesis.

As I ponder the next chapter of my scholarly journey, I find myself invigorated by the prospect of expanding upon my existing knowledge and comprehension. I am excited to conduct new research in the field of governance, particularly in the blockchain area. I am to explore fresh

ideas, push the limits of what we currently understand in CG, provide solutions to existing governance issues, and add to the collective body of scholarship. Even as I do so, though, I am aware that research demands a great deal from those who undertake it. Writing this thesis taught me the importance of rigorous adherence to established standards and an unwavering commitment both to truthfulness and intellectual integrity and helped me recognise how complex and fulfilling undertaking such work can be. Pursuing doctorate studies has been revelatory on many levels, personally and professionally, offering unprecedented opportunities for self-discovery while preparing me for whatever future challenges may lie ahead.

5.10 Chapter summary

The present chapter concludes the thesis by presenting novel insights into board diversity and ESG objective achievement, enhancing researchers' comprehension of these domains. The chapter provides a comprehensive overview of the research findings, including a proposed model for evaluating the impact of board diversity on attaining ESG objectives intended for future empirical testing. The chapter offers compelling evidence of the study's success in achieving its research aims and objectives and in addressing the research question. It offers insights into how the research's validity and findings can be evaluated in the chapter. The author also discusses the study's contributions and limitations, proposes areas for further research and personal reflections on the research process.

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APPENDICES

Appendix 1: Example of preliminary email sent to participants

Subject: Request for Interview: PhD Research on Board Diversity and ESG Practices

Dear [Name of the participant],

I hope you are well. My name is Asma Alawadi, I am currently a second year PhD candidate conducting research within the realm of corporate governance, accentuating board diversity that caters to attaining ESG objectives. I am writing to request an interview opportunity from you due to your revered position as a board member situated at [Name of the firm] firm located in UAE.

My doctoral research aims to examine the presence of diverse directors on UAE corporate boards and the impact they may have on the company's ESG practices. In particular, I am interested in understanding whether a diverse board composition can influence the ESG policies and decisions made by the firm. Your extensive knowledge and expertise in this field would undoubtedly make a substantial contribution to my ongoing research efforts. I want you to know that any information conveyed during our conversation will remain entirely confidential, used only for academic purposes. Our meeting can be scheduled at your convenience by either means of a video call platform like Zoom or Microsoft Teams, or we could speak face-to-face if it's more convenient for you.

Please let me know if you are interested in partaking in this interview. Additionally, providing me with your preferences would be greatly appreciated on my end. I cannot express enough how grateful I am for considering this and I eagerly anticipate the opportunity to engage in thought-provoking dialogue with you.

Kind Regards, Asma Alawadi

Appendix 2: Example quotations, second-order themes and first-order findings

Theme I: Social resources	
Second order themes	**First-Order Findings and Exemplary Quotes**
Networks	*Senior networks*
	'The goal is to build a senior support network from which you may draw when you need help. If you don't already have such a system in place, perhaps you know someone who does. If they're working on a social or environmental initiative, we may approach them about joining our efforts. Actually, that's how things go in Dubai.' (Participant 12)
	'Using the board member's connections is a key motivation for recruiting them. I'm a fellow of the Institute of Corporate Responsibility in the UK, so I have access to a global network of thousands of people, including many at the highest levels of business. This came in handy recently when we were discussing CSR and developing a programme to encourage ethical behaviour among companies. For this reason, I was able to use both its resources and relationships in order to acquire the expertise and recruit the essential experience for the board.' (Participant 19)
	'We have access to senior partners; we attempt to get them to participate in an event as a sponsor, for instance by assisting children on occasion. And we observe that after they work with us on a single project, they ask to be long-term partners on other projects.' (Participant 15)
	'A large network of impact investors is at my disposal. Hence, when I meet with entrepreneurs, I do everything I can to assist them in developing a business strategy that is ESG-friendly and therefore more likely to attract funding. For instance, I advised the pioneers of a meal delivery service on how to create a business model that would employ elder women who would otherwise not be able to support themselves financially while also providing them with access to environmentally friendly ingredients. it takes into mind women's empowerment and nutritious eating.' (Participant 32)
	'If the organisation is attempting to acquire a manufacturing line or the like, it may run into trouble with a government agency or a private company. So in this case, if there is a board member who knows a contact or the owner, they can call asking where's the hold up and have things running smoothly.' (Participant 33)
	Government networks
	'I run an electric bike franchise. It is the perfect answer for decreasing noise and air pollution. However, I am now engaged in the procedure necessary to successfully acquire this via the government contact. In order to take this forward, I need to make use of my contacts; I have to find another person who cares about it in those positions, and now we may have to potentially impose rules.' (Participant 26)
	'Our paper recycling centre is a positive step for the planet. We have been working to stop the export of waste so that we can collect and recycle it, but this has not been simple because we operate under a free market; we had to persuade people of the advantages to the UAE if this were to be done, and the disadvantages of the policies of other countries. After three or four years of lobbying and using my connections in government, they were able to successfully implement the policy.' (Participant 30)
	'It helps to have a very well-connected member on the board, especially someone with government networks that can assist you get in the door if you need to fight for specific legislation, policies, or changes to your policies.' (Participant 13)

	'In this part of the globe, permissions are required for some activities, such as social events. When it comes to humanitarian efforts, we sometimes need to go through the proper procedures, such as when we distributed hot meals and other supplies during the lockdown with the help of government connections. Also, using your connections in government, you may alert authorities to a detrimental behaviour, such as harmful worker practices, prompting the establishment of legislation to prohibit it.' (Participant 42)
	'They have to take use of such connections. For example, the government regulator often consults with them, asking questions and receiving answers. Ideas for corporate growth, or anything else of value, might be shared with the board. In order to get a sense that, yes, this is going to happen, you speak to individuals in government. In that time frame, it will occur. To take advantage of any chances that may arise, a company must first put itself in a condition of preparedness.' (Participant 39)

Experts

	'ESG is a modern field. It has recently gained a lot of attention, particularly in this region of the globe. It's crucial that you network with individuals who have advanced far ahead of you in this field, whom you may utilise. You should reach out to and build relationships with individuals who can significantly shorten the learning curve in this area. You can bring in the necessary expertise to the board; you may use your network to contact the appropriate individuals.' (Participant 27)
	'We previously faced an urgent environmental issue that required immediate attention. Fortunately, I was able to address the problem with the help of a specialist who flew in from Dallas within the span of a day. Because to the relationships I had made in the ESG field we helped prevent a really bad environmental disaster.' (Participant 31)
	'Because, as I said, most board members lack expertise in environmental and social issues, the need of having specialists on board is utmost. The network is crucial for bringing people who can attest to the benefits of such investments. Sometimes, business justifications are necessary.' (Participant 10)
	'I believe networks are quite crucial, particularly if they are in the ESG industry. In addition, if you have industry connections and a seat on the board, you may suggest firms to benchmark against, reach out to for advice, and even utilise as service providers in order to get started on ESG projects. Indeed, it is of paramount significance. There was a group in Dubai known as [—]. They are responsible for instructing architects, contractors, and property owners on how to create environmentally friendly structures. And so, I recall having our consultant get in touch with them so that we could guarantee that our structure met all environmental regulations.' (Participant 9)
	'The breadth and depth of your professional and social networks—both locally and globally—can make or break your success in any given circumstance. Are crucial to know experts if you ever want to accomplish your ESG goals. As a result, your network is crucial for achieving your ESG goals, particularly if they do not involve hurting one person in order to help another.' (Participant 21)

International networks

	'I am a living network. With all these networks, I know individuals all over the globe, from Japan all the way to Argentina. These people are a great asset, and I need a network that makes life easier. Clearly, in government and the private sector inside the nation, there are areas where the board needs assistance to ensure that operations are running well. You must recognise both. Therefore, both worldwide and domestically are very crucial.' (Participant 16)

	'Depending on the board, for instance, in [—] we must be more global than local. Therefore, if you want to be global, you need management of the highest level who can communicate with international organisations, such as the United Nations, global buyers, and organisations like them. Therefore, you need a very high level connections and global expertise. Therefore, in the case of this firm, you must be a local or multinational individual with worldwide exposure.' (Participant 34)
	'Each member of the board of directors has a unique set of relationships and networks. Therefore, it adds value locally, regionally, and worldwide. Well, as a result of my prior employment, I have an extensive international network. This is my region, and I'm attempting to provide my network to the existing boards I belong to.' (Participant 13)
	'Geographical market network importance is crucial. This is especially critical if you want your impact to be global and not simply local.' (Participant 18)
Functional diversity	***Work background***
	'Because of my background in environmental firms, I was able to drive ESG implementation at [—] in 2018. Since I have access to a wide variety of ESG analysts and sustainalytics, or ESG, investors on a global scale. By building these relationships and analysing their criteria, I was able to inform the board of directors of the best practices and areas where they should place their attention.' (Participant 25)
	'Our board members come from a variety of backgrounds and professions; they each bring their unique set of perspectives, networks, and communities to the table. That may help in a variety of ways to achieve ESG objectives. If there were, say, five accountants on the board and each of them knew five more and they each knew ten more, it's possible that they'd all leverage their connections to aid with the governance part of ESG while ignoring the social and environmental parts. But I believe you'd get a lot more out of a group if you included people with a variety of backgrounds and connections.' (Participant 3)
	'The firm is undergoing significant change at the present time. Swapping out the bank or credit union for a leasing firm. The next steps include a full rebranding, a new digital platform, and app development. So, yes, I have experience with it. Also, I collaborate with experts in this field. That's why I'm in a position to not only bring IT specialists, consultants, and ideas to the table, but also to put them in touch with the resources by which they may put those ideas into action.' (Participant 17)
	'In terms of relationships, I am the most prominent individual. So, in banking we have thousands of customers as relationships, and we categorise them by industry: aviation, shipping, oil, gas, and power, and infrastructure. So, we have all these contracts and industries. What I can offer a firm is first and foremost an awareness of the different sectors and secondly the relationships that we have in those industries. This is what I can provide from my own experience.' (Participant 21)
	Educational background
	'I studied environmental health in college. As a result, I find it quite enjoyable whenever somebody brings up the topic of the environment. For instance, I am involved with many others who have an interest in environmental preservation by virtue of their membership in the [—] organisation. If we ever have an ESG-related requirement, we can tap into a big pool of specialists. I have accumulated quite the number of contacts.' (Participant 39)
	'That is how one accomplishes tasks. You do not work or do anything alone. No, you must know individuals. I learnt this throughout my master's programme in the UK. It is far more well-known

	among internationals than among locals. Arabs rely on familial bonds. Whether they consider networking depends on their available resources. My master's degree in the UK taught me to be receptive when I am approached, and I like reaching out to others for a reason. I am not opposed to it. However, if you look at the elder generation, they avoid it. They will ask, 'Who among our connections knows this person?' They would not go there and approach someone.' (Participant 36)
	'I would say that a lot of my friends from my schooling have gone into the newer sectors that exist now, so I have a lot of contacts with extremely inventive, tech-savvy individuals that assist me with specific tasks when we lack that expertise inside. We collaborate on projects and activities.' (Participant 26)

Theme II: Knowledge resources	
Second order themes	**First-Order Findings and Exemplary Quotes**
Skills	*Synergies*
	'Skill on the part of board members is very helpful. Gaining these skills will increase the number of individuals who can contribute to environmental and social initiatives. The more diverse our skill set, the greater our access to many industries, which would allow for more engagement in that field. The ability to see where your existing expertise, knowledge, and resources intersect with ESG is a valuable asset.' (Participant 2)
	'When it comes down to it, I believe that skills are what matter most. If you don't bring anything different to the table, you have no business being on any board. Rather than acquiring that knowledge from outside the company, you may make use of leverages emerging from the diverse skill set on the board to achieve your goals.' (Participant 18)
	'The collective knowledge of a board benefits from its members' varied skills. It's not possible to bring in all that's needed when you're only one person. For this reason, it's important for the board members to have complementary skill sets. Without diversity of opinion and skills, problem-solving discussions are more likely to devolve into heated debate.' (Participant 27)
	Applicability
	'Many boards' adoption of ESG strategies is sluggish due to a lack of skills. They don't know how to translate their expertise to ESG issues. However, I feel it's important to be honest and acknowledge that in reality, board directors lack many talents, including being competent directors.' (Participant 39)
	'One of the most valuable traits a someone may possess is business sense, or GUT. For the most part, I trust our board's gut instincts. We contemplate how best to put our current assets to use in order to accomplish our aims. That implies we are always sensing. In which direction are we now heading? Asking whether we're making progress in the appropriate way. To put it simply, we are not afraid of change. Our goal is to be the industry standard in everything that we do including ESG.' (Participant 9)
	'Since I am not very creative, visionary, or forward-thinking, I depend on the foresight of the other board members. Being able to identify of our abilities and come up with novel ways to express ESG is essential. My lack of skills in that regard are compensated by other board members.' (Participant 10)
Cognitive diversity	*Occupation*
	'Among us are individuals who have worked in human resources, in investment banking, and in protecting the environment. As a result, the board will benefit from everyone's unique perspective, and management will get input from a wider range of voices. So, for instance, coming from a human

	resources perspective, we need to investigate issues like diversity and inclusion, human rights and safety, and so forth. The financial markets and investment banking sectors play a crucial role in ensuring the long-term viability of ESG by providing the capital necessary to implement ESG initiatives. Having different occupations and ways of thinking brings great value to ESG.' (Participant 25)
	'It's important to possess a wide range of skills and experiences. We gain information through others around us. The point here is this. Without a wide range of expertise and skill inside the board, it will be impossible for us to make any progress on environmental or social issues.' (Participant 13)
	'It's not always about the major you earned your degree in, but rather the road that led you there. I majored in communications at university but have spent my whole professional career in the world of finance. Reason being, your past work history is highly valued in business. You were selected for the board not because of any particular study but rather because of your broad range of experience, skill and the interests you represent. Individuals with backgrounds in IT who are now employed in human resources provide the board with social support. Despite my training in communications, I envision myself contributing more in the area of impact investing than in the social sector.' (Participant 16)
	'Since I have experience in the IT industry, I was able to negotiate favourable pricing for them and provide advice on infrastructure, space requirements, and location. Therefore, thanks to the relationships I've made, I'm able to provide new perspectives.' (Participant 12)
	'We are actively looking at starting a fish farm. Although fish farms may be major contributors to environmental degradation, circular economies can be established with the help of technologies like aquaponics and hydroponics. We've benefited from having directors from many walks of life because their perspectives on emerging technology that might mitigate growing environmental concerns have been valuable.' (Participant 18)
	'When trying to come up with new ideas or suggestions, it helps to have a wide range of experiences to draw upon. All of this has the potential to improve decisions across the board for a company, not only in terms of its impact on the environment and society. It's not only one's work background that might play a role in shaping their life experiences; factors like gender may also be included.' (Participant 31)
	'The worst thing you can have is a bank whose board is simply full of bankers, since in my experience, the boards I've appreciated the most include people that bring diverse talents and experiences that help form the future path of the company. otherwise, there is either no variety of opinion or methods.' (Participant 22)
	'One of our board members has extensive experience in the environmental field, having worked in a business where concern for climate and the environment was high. The concept of carbon footprints was new to the board, and he took the initiative to teach us about it.' (Participant 12)
	Study
	'It's important to employ a team of experts in the field in which you're working. Since we work in medicine, we have a doctor who has completed medical school, it is important so that we get insight into health concerns, familiarity with potentially hazardous items, an understanding of how healthcare funding works, and strategies for navigating the healthcare system. Additionally, having a business-trained director is crucial for the smooth operation of an organisation in the private sector. Therefore, accommodating a wide range of student backgrounds is crucial, yet no one approach works for everyone. whether you're in the marine industry, space, medicine, or academia.' (Participant 15)
	'Because the board so often lets itself be led by strategy and outcomes and business performance, I believe that this is the one area where you need to generally have one board member that continuously looks at these factors in the firm. Therefore, you should have at least one member of the board who has studied the environment to bring in other aspects of the company and make sure they are given equal priority and are constantly addressed as part of the agenda. The problem is that, conversations often

	begin by focusing on corporate strategy, performance, and concerns before moving on to topics like quality, environment, sustainability, governance, and so on. When leadership is given opportunities to learn from and engage with people across a broad range of topics, everyone benefits.' (Participant 27)
	'The more diverse the board's membership, the more ideas and feedback it will generate. It's usually beneficial to look at a situation from a number of vantage points. Even among Emirati citizens, we aim for a wide range of backgrounds and perspectives. We, the board members, all went to school in other countries. All of us are well exposed to the worldwide environment and diverse groups, which promotes fruitful discussion and critical thinking… diversity in education is important.' (Participant 1)
	'If you had suggested ESG to someone five years ago, they wouldn't have had the slightest clue what you were talking about. In recent years, this term has been brought up sometimes, and by now everyone should know what it stands for. The next stage is to spread the word and get support for this idea. Bringing in individuals with diverse educational backgrounds to see how we can develop our ESG and then having meaningful talks at the board level to determine how to implement it within their sphere of responsibility.' (Participant 17)
	'What we find favourable (on the board) is someone who has ESG background or has been engaged with it... an ESG background comprises a degree, knowledge, or a project in the field.' (Participant 10)
	'I feel that enhancing the board's educational diversity would have a significant influence. Educational diversity covers far more than what is studied. Also, where and when did you attend school, and your educational level. I feel this makes an enormous impact.' (Participant 19)
Demographic diversity	***Age***
	'I feel that the presence of age diversity on the board drives the firm to emphasise ESG issues. Younger directors have a better comprehension of the environment... My siblings and I are worried about plastics, petrochemicals, and pollution, but my parents could not care less about these issues. Because we were taught to understand that we were harming the environment, I believe that age plays a significant role in determining our susceptibility to its effects.' (Participant 29)
	'The younger generation tends to see the environment through different lenses. Because younger generations are more revolutionary by default, they tend to express their views more strongly. The older directors accept things as it is, as the consequence of progress.' (Participant 39)
	'Regarding ESG, I believe it is crucial to have younger talent on the board, since this demographic finds the accompanying terminology more comprehensible. The older workers are more concerned with increasing profits and value extraction.' (Participant 41)
	'A lot of members of the younger generation pursue marketing studies as part of their degree programmes. A large portion of that is CSR. Younger directors will connect their education to charity, and we will likely market their social giving more than that of the older directors.' (Participant 25)
	'Having young people is crucial since individuals in their twenties and thirties nowadays have excellent educations, a wealth of information, and the ability to inform us of many topics the board don't know but really need to know.' (Participant 42).
	Gender
	'It's particularly male dominated in the pharmaceutical, aviation, and financial sectors. However, I would guess that at least half of the customers are female. And it's beneficial to have a wide range of backgrounds and experiences represented, since this provides a wealth of fresh insights. It may take a little longer to realise that the notion is not just beginning to sink in, but is also being applied. That's the goal. After a few years, people will realise how beneficial it is, and the cycle will continue.' (Participant 17)
	'I'm certain that if we had a more balanced representation of the sexes, it would spark some more conversations that we're now overlooking. Therefore, a more diverse group will generate more

conversation, since there will be more topics. A woman's perspective is especially valuable when discussing social issues, since women have distinct societal duties than men. For instance, she may have learned from her own experience that the standard maternity leave of 30 days is inadequate. Or there are a variety of additional potential issues that are just beyond the scope of our expertise.' (Participant 26)

'The grocery shop aggregator we're working with is led by a board of ten men, none of whom are household operators. Diversity is essential but it must be useful to the end user, in my opinion. And often women have a touch in a lot of areas. So women provide a valuable perspective, and they are naturally more empathic than males. Since women have a greater capacity for empathy and understanding than males do, their presence is important. Women have a natural tendency toward it.' (Participant 36)

'That might be stereotypical. I think women understand this far greater than men. I think they've got far greater compassion. In just their thinking. I think men are too egotistical. And it's probably too much testosterone at times that they don't have the compassionate thought and mindset that females have. And again, I'm not trying to broad brush or be stereotypical. But, you know, my wife is probably one of the most compassionate and understanding and very considerate of others. Therefore, if I wanted to understand whether something was good for somebody, I'd be asking her, because she'd have a far greater understanding. You know, that that objective? View is key. And I just think right now, rightly or wrongly, women do a much better job at that.' (Participant 22)

'In my opinion, firms fare better financially when they have a larger percentage of female employees. Women have an advantage in communication, care more about social concerns and the well-being of others. Take the case of the COVID pandemic as an example; those leaders who have succeeded are the ones who have effectively communicated and acted quickly after recognising the danger. They are mostly women, in fact. Look at New Zealand; Germany also started off wel;. Another example might be Iceland. I believe that women value communication more highly. They are concerned with the social aspects of the workplace, such as fostering an inclusive environment and providing clear guidelines for employees. More flexible work hours and other measures of work-life balance are important to women since society traditionally expects them to care for children and household chores.' (Participant 12)

'I'd say that gender diversity is the most important. Reason being, you have both sexes in management and in running businesses, and if one is dominant, the other would suffer. Therefore, if the CEO and management are both males, they will not take into account the needs of women while making important decisions. Contrast this with a situation in which, for instance, a woman serves on the board. For remote work or other home-based employment arrangements, for instance, the company would comply to standards designed to help women feel comfortable.' (Participant 9)

'I believe that women, also contribute social perspectives and other insights that can only be gained from a female point of view.' (Participant 41)

Ethnicity

'Honestly, I would argue that ethnicity is a major factor. As a result of their unique upbringings, upbringings, and experiences, individuals of various countries sometimes have quite diverse perspectives. Having a group of people with different backgrounds and perspectives all talking to one other and looking at the items adds a lot of value.' (Participant 25)

'I bring ethnic diversity and a different perspective. I also bring the experience and the knowledge of international best practices. There is clearly a very strong diversity of thought as well. But also avoid ending up in a trap. Which you see a little bit more often in cultures whereby there was a more traditional mindset and everybody thinks the same. And that's why sometimes there is still a tendency to follow the leader, or follow the patriarch, follow the chairman. Well, where it's not always that easy to dissent, not easy to have a voice a different opinion. Over the last 15 years, I've seen a lot more opening up of boards, and also realising that it is good to have diversity. So, I think boards are learning

	and keeping up with the times and seeing that, especially companies that operate in the international arena, they see that they have to do this in order to be able to compete. So, you yield so well in touch with, with those people that eventually buy goods or services from the company and the unit.' (Participant 17)
	'We have some Corporate Social Responsibility projects under our belts in Vietnam. Thanks to our Vietnamese board member, we are able to think globally about CSR and provide assistance to those in need anywhere in the world. We will donate to a relief effort if we learn about one and are convinced by its mission.' (Participant 4)
	'ESG objectives are, of course, business objectives. Thus, a more diverse board would result in a greater skills and context being brought to the table. For example, I was a part of a scenario in which a US firm sought to fundraise for a certain political party in a foreign country. They had just started the process of the donation to the political party. And when it reached the board level, it was actually one individual from there spoke out against it, warning that giving so much to the party may put them at a severe disadvantage if the budget were to alter or the Prime Minister stopped responding to calls from that party. The importance of addressing these governance concerns cannot be overstated. That's why we probably would have given the money to that political party if we didn't have a board member from that country.' (Participant 21)

Theme III: Contextual resources	
Second order themes	**First-Order Findings and Exemplary Quotes**
Culture	***Leadership emulation***
	'Especially in the United Arab Emirates, citizens look up to their leaders as examples of proper social conduct. As a result, the United Arab Emirates became known as a place where people feel encouraged to give back to their communities. We learned generosity from Sheikh Zayed.' (Participant 2)
	'I would like to share with you the future of investment in the UAE. The UAE has presented this initiative as an example of its global thinking leadership to the international investment community. A practise known as 'impact investing' may help you be more environmentally conscious while simultaneously creating employment in your local community. Since the UAE's top leaders have prioritised these areas, we feel compelled to do the same.' (Participant 16)
	'The sheikhs prioritise social concerns, providing land and financial aid to their citizens and helping those in need both inside and outside the country's boundaries. During the COVID outbreak, you probably saw that PPE was being sent to nations that were short on it. We prefer to model ourselves after the UAE's leaders because we hold them in such high regard.' (Participant 3)
	'Since the sheikhs were so concerned with maintaining the country's agricultural resources, especially the dates. We made the decision to invest in the community and ensure the long-term viability of local date farms.' (Participant 33)
	'The green economy was a vision of Sheikh Khalifa. Everyone in the business world has been striving to contribute. Majority of us would prefer to emulate the leaders of a nation that has been so good to us, since they are seen as key visionaries.' (Participant 20)
	'People and businesses in the UAE are highly attuned to the course and tone set by the leaders. You will not find a country where leadership emulation occurs as often as the UAE. You can observe individuals taking action based on what they interpret to be a leadership gesture that they misread. Even on social media, all choices and behaviours made by the sheikhs are replicated.' (Participant 37)

	'Even in social situations. Formerly, weddings were held in the evening, which resulted in a lot of wasted food and other resources. The sheikhs initiated afternoon tea receptions with little food and beverages. They didn't order others to follow their lead; instead, they set an example. Eventually, it became the standard, and others began imitating it.' (Participant 7)
	Cultural flux
	'Culture and knowledge are blending thanks to globalisation. The younger generations are more open to these novel concepts of social generosity.' (Participant 9)
	'As a result of the influence of liberal capitalist ecosystems and economies, people often exhibit charitable or philanthropic personae for socialising and building professional relationships.' (Participant 1)
	'The goal of the sheikh of the United Arab Emirates is for his country to rank first. Therefore, rapid progress is what we strive for. The UAE is always evolving, and as a result, services are continually being refined and bettered. Apps make it possible to do official government business from the comfort of home. You'll receive the top-rated service with no wait. This establishes an exceptionally high standard for enterprises, and as a consequence, we are also very adaptable in order to keep up with the pace of the local culture.' (Participant 40)
	'Cultural norms have changed due to the influx of foreign workers, and we now follow global best practices. To accommodate the influx of foreign investment, the government instituted the 'golden visa,' which eliminates the need for investors to get sponsorship from citizens and provides all the same privileges enjoyed by citizens. Couples don't need to be married to share a home. We and Israel have signed a peace accord. Due to cultural dynamism, all these changes are communicated rapidly, and individuals generally adapt well to them. Since people of so many different faiths and backgrounds call this place home, our sheikhs have stressed the need of tolerance.' (Participant 14)
	'The United Arab Emirates has announced a change to a four-and-a-half day work week. In order to ease us into the transition, the administration provided us a grace period of a few weeks. The change from Sunday through Thursday to Monday through Friday was made so that our schedules would be more in line with those of other nations. We're accustomed to change happening swiftly, so adjusting to working four and a half days per week was simple. Due to our global nature this has a beneficial effect on the economy, better work-life balance, and government and business relations with nations in other time zones.' (Participant 23)
	'In the UAE everything changes so fast there is no need for social preparedness, no leads, all of a sudden you see a declaration and the alignments from society and corporations are instantaneous. If you compare to other countries they need to mobilise and align the society before they act on it. In the US it takes time for instance, they prepare before decisions, with media, tv, and film. Even in Saudi before they allowed women to drive, they operated mechanisms like social norms, Majlis, and the utilisation of social media before announcing decisions. People get prepared ahead of time.' (Participant 29)
	Policy implementation
	'We are actively exploring paperless options at this time. Having said that, we have already met with three different suppliers in an effort to switch to a paperless software. hence, we are carefully investigating ways to eliminate the use of paper in the workplace. Consequently, initiatives of this kind materialise. I think more people will start taking it seriously now that Dubai has its 2040 vision. Especially now that the administration of Dubai has already stated the date by which the whole city would have gone paperless. People will follow by example.' (Participant 37)
	'The UAE has introduced a number of new initiatives and regulations. This means that many people are learning about sustainability in the present. For over five years, this has been the standard. And when it comes to sustainability, most people realise that it's a key component of long-term improvement in society and resource management. Industry 4.0 includes the development of a more intelligent society that can better manage its resources. The boards have a firm grasp of the concept, and here in the UAE,

	we have a thorough understanding as well. It is prohibited to print at the moment in Dubai. Two years ago, in 'smart government mode,' we began transitioning to a paperless government in which all transactions would be recorded and stored on the blockchain. However, the government is actively supporting this initiative. And we reduced printing by 90%, saving the city an estimated \$3 billion. Although there are several more instances, this one is always in front of our eyes as a prime illustration of the concept.' (Participant 16)
	'We always adhere to the guidelines set by the UAE... The UAE Environmental Government Programme, the Pearl Project... The Pearl Project has been concluded... to divide companies into several categories according to their carbon dioxide output, energy use, waste management methods, etc. We looked at ma'an from a social perspective. increasing the employability of UAE nationals and those with disabilities via courses and initiatives like youth coding clubs... Hawkamah is an example of government-mandated governance metrics that may be met by the integration of activities into the workplace. whereby we are obligated to follow certain norms, such as those pertaining to investment reporting, a whistle-blower policy, a human rights policy, a staff equality policy, and other policies of a similar kind.' (Participant 30)
	'Any company that wants to bid on government contracts must adhere to the ESG guidelines the government establishes. There will be a natural magnetism towards such businesses, which will show up in the form of tender preference and Majlis preference.' (Participant 15)
	'Because the government is incredibly dynamic and supportive, and so we would like to support it we actively seek out opportunities to take part in new government programmes like the clean energy initiative.' (Participant 24)
	'When we show the government that we can be trusted by adhering to ESG standards, we get legitimacy with them and increase the likelihood that they will provide a hand if we ever need it.' (Participant 42)
Religion	***Silent giving***
	'Religious philanthropists want anonymity because they believe Allah would reward them more lavishly for their efforts if they maintain anonymity.' (Participant 9)
	'People in this region are not as used to confrontation as those in the West, and they tend to avoid competition, especially when it comes to giving and receiving charity... This may be due to religious influences.' (Participant 25)
	'It's not considered appropriate to boast about charitable contributions and the like. And maybe this is a practise that needs to be changed, since I feel it may inspire others to do the same. Maybe we can have a conversation with them and get them to reconsider.' (Participant 7)
	'Our social and environmental initiatives are not made public. Simply put, our shareholders would rather keep that information confidential.' (Participant 20)
	'within Islam, you're not supposed to glorify your good deeds. You can't give \$10 to a good cause and then want recognition and attention. Sadaqa, or acts of generosity, are private transactions between the giver and Allah and should be treated as such.' (Participant 11)
	'Normally I wouldn't bring this up, but we contribute to many campaigns and provide training programmes for, among other things, financial institutions and organisations fighting against the plight of women affected by cancer. We choose not to promote it. We are different from the other businesses that will be marketing it. Nothing related to this is advertised by us. We feel that it should be done differently, thus we do not do it in order to get media attention. That's how we practise our faith.' (Participant 4)
	For the sake of Allah
	'Many doors of opportunity have been opened to me. This is something for which I am eternally grateful to God. But in my opinion, it is not sufficient. Paying it forward is the way to go if you ask me.

	It's important to give back to the place you call home. This is the year that I want to devote myself to figuring out how I can best serve my community via volunteer work. What do I know that others might find useful? If I'm serious about making a difference for women in the workforce, I need to assist them in obtaining professional services. If I were to please Allah, I must pay it back.' (Participant 23)
	'In Islam, there is a great saying that states your wealth would never decrease if you give to others. You should only perform good deeds because you believe Allah will reward you for them.' (Participant15)
	'We don't engage in CSR for financial gain, since it is intrinsic to human nature. We act in this way because we think it's the right thing to do. This is something that is recognised on a regular basis, and not only because of the presence of a corporation. As for myself, I'm a firm believer in CSR. God will reward you in proportion to what you put into the world. This, therefore, is the belief. It's something we talk about at every single meeting.' (Participant 4)
	'Part of being a Muslim is contributing to the betterment of the community and the environment. You will be granted ajr, your wealth will be blessed, and God will protect you from harm. Faith or Eman must come from within. For Muslims, doing good is fundamental, so those who do not are hypocrites.' (Participant 2)
	Avoidance of harm
	'In the middle of the desert, we worked on an environmental energy project. We ran into trouble on one front, however, since this area is known as a place for Dub, reptile-like creatures native to desert environments. When seen through the lens of safeguarding the environment god has entrusted us with, this is an animal on the brink of extinction. In order to locate these dubs, we sought the services of a specialised ecology expert. And if that's the case, then we certainly didn't mess with their burrows. In fact, by building solar panels and blocking some of the sunlight, we helped foster a thriving habitat in which the creatures could thrive and grow.' (Participant 11)
	'I believe that the safety of our staff is our first concern. The safety measures are never compromised. Therefore, it is acceptable to forego earnings if necessary. However, the welfare of our employees comes first, and I believe this reflects our identity as a spiritual business governed by the ideals of pure Islam. And they demonstrate that human life is more valuable to us than material wealth.' (Participant 38)
	'Religion is an element of faith that is particular to you, and I believe it provides you the agency to make significant strides in shaping who you are as a person. Now, how you handle it will vary from person to person, but everyone will be affected by the lessons it teaches you, and those lessons will affect how you do business from here on out. Nothing you do will be harmful to people, the community, or the planet. In other words, you won't put money into projects that encourage harmful addictions like gambling, alcohol use, and tobacco use.' (Participant 16)
	'The reinsurance market seems like a good place to put our money. It was brought to the board's attention, and they looked into the risk that a policy we reinsure may cause an insured person to outlive their income. Even if it's profitable, they replied, 'We don't want to be linked with it.' We can make buffers and proxies that nobody can track, so it's not about our image. Still, as Muslims, we never engage in behaviour that may be considered harmful to others.' (Participant 7)

Theme IV: Community resources	
Second order themes	**First-Order Findings and Exemplary Quotes**
Geographic diversity	*Geographic proximity*
	'On the board of directors, it has all the significance it can have. Basically, we want to take on a major

	initiative in Mozambique and beyond. And that's evident in the way we communicate with and work with the government: we play by the laws, we empower farmers and especially small farmers, and we don't take their land. Including a local resident on the board has helped us better understand the needs of the people there; as a result, we've implemented measures like co-ops, the primary focus of which is on solving problems in Africa.' (Participant 0018)
	'If the business is big and global, the board members should have extensive knowledge of the local markets in which the firm operates. Therefore, while putting together boards, it is essential to have someone that understands that market.' (Participant 21)
	'An outside director that lived in a different geography might effectively add fresh eyes to the board of directors' deliberations. If you're seeking to break into a their local market, you could find success by appealing to the locals there.' (Participant 1)
	'A local Alain resident on the board raised the issue at the executive level. She said that many Alain women don't work because they don't want to interact with males, their families don't allow it, or the culture doesn't support it. Also as the primary caregivers, they faced limitations that prevented them from working the traditional 9 to 5. Accordingly, we were able to address and resolve the issue. We established a female-only workplace with a variety of work-from-home policies and flexible hours... Empowering these ladies would not have been possible without the help of a local resident on the board.' (Participant 7).
	Nationality diversity
	'Access, power, and opportunities are all perks that come with having difference nationality. Since we invest not only in the UAE but also internationally, learning about the international cultures is essential. So, you have a wide variety of possibilities, including, first, familiarity with the cultures and, second, you get access.' (Participant 2)
	'Having different nationalities gives you some understanding of things. A variety of regional marketplaces, each with their own unique set of experiences. This is quite useful. From a purely nationalistic viewpoint, you begin to understand how dealing with the Chinese is quite different from dealing with the Indians, for instance. I'm not attempting to generalise anything, by the way. sometimes they have the same characteristics that you can group. Even with us, you may classify us according to certain characteristics or patterns of conduct.' (Participant 8)
	'Consider the UAE. This place reminds me of the United Nations. We have people from all around the world, including some very experienced Brits like myself. Yet, many are unable to reach the board level. It is yet crucial to have board members from a variety of national backgrounds. Having people of different backgrounds allows for a wider range of perspectives and suggestions to be offered. And if they could speed up their decision making by teaming up with someone like me, then I believe it's a good idea.' (Participant 22)
	'Bringing in a person of a different nationality is beneficial because it allows us to learn about ESG potential in other nations, some of which may have a larger global reach. Because of this, we've helped fund initiatives all across the globe.' (Participant 4)
Representation diversity	***Community representation***
	'When it comes to cement, I can say that we introduced one of the board members on the board, which was more of a community, but it incorporates both environment and community... the region where you have the majority of the factories, cement plants, and everything else. The area is also home to its own distinct population. The board now includes a local community member whom we've introduced. An somebody from the community has gotten involved. The effort will be much more credible and accepted when we finally roll it out. And it's the most efficient use of resources since the money is put to better use serving the local communities.' (Participant 27)
	'For this reason, I believe that one of the benefits of me being a UAE native on a board of a foreign

firm is that I am able to assist the board establish connections more quickly than either Western expats or those who are not citizens of the UAE. Since I've established a solid rapport with the appropriate people in other firms, I can simply give them a call before our next board meeting to discuss whatever problem is coming up. Because of the time it takes to establish a rapport, I see utilising myself as a potential benefit. So, not just in terms of internal networking, but also external networking, since we must interact with government institutions, particularly in the UAE. If you're a native of the UAE, communicating and working with the government will be lot simpler than if you were a Westerner.' (Participant 31)

'Employees of the month were recognised at all levels of the bank and honoured at monthly board meetings. From the most junior level at the bank. Analysts, receptionists, tellers, customer service, branch managers, old, young, males and females. They'd know who we are and come to know us, leading to a more personable business relationship. The happiness and sense of family among the staff was boosted as a result. We also treat them to lunch, where we hear out their concerns and suggestions for how to better serve them and the division they are a part of.' (Participant 8)

'We are fortunate to have a member of the community serve as a board member. Long ago, a community representative brought up the issue that our workers, particularly the lower category workers, were not eating properly since they tried to save money by skipping meals. We made sure to allocate funds to ensure they get at least one good meal when they are at the workplace.' (Participant 32)

'With the support of date processing firms, we launched an initiative for food preservation. We aided in their recruitment of experienced Bedouin women of the community. In the past, they were held at a certain venue with the board members. They consult the Bedouins for advice, and use their knowledge and experience to make the best possible preparations. Women in the community, who have been doing this work for years, were recruited.' (Participant 33)

Government representation

'Having a person from the government on the board adds another dimension of diversity, with one member thinking from a purely commercial perspective and the other looking at things from a more macro, national level. In addition, this diversity is important. That is the state of our international communities. What's more, it's important that they collaborate in order to identify areas of interest, conflict, and common ground.' (Participant 28)

'There are often government appointees on these boards. They may have connections in the government that may be used to further social initiatives, such as those needing the coordination of police or economic departments. It helps a lot in terms of coordination. For instance, while organising a social event, I had to consult with the local police and education department for permission to hold the event. The government appointees mobilised employees and talent from their own entities to make this happen.' (Participant 23)

'There is a connection between several government requirements and some community-oriented programmes. So, whenever a public representative encounters this on a board, they provide their advice based on their past work with similar situations. In my work, we received this. Sometimes they've even gone as far as asking their government-worker contacts whether or not this applies to us, and how we should go about implementing it.' (Participant 33)

'My personal appointment to the board was made possible by my prior experience. They want representation and counsel from the government.' (Participant 7)

Youth representation

'I think one thing the UAE has done well is at least on the government boards. They've made sure there's always a youth representative on the government board. And I think again, that makes a great difference not only because youth are an important stakeholder, but also because this is how you train up the next generation of board directors and get them used to good governance and so on. I think

	every aspect of diversity is important.' (Participant 40)
	'Ideally, I'd want to see some members of the Younger generation be represented on the board. In my opinion, we need to expand opportunities for young people to serve on such boards. This is the moment for them to step forward, and I believe we should respect them and let them. Since individuals of different ages bring unique ideas to the table, I believe it would be beneficial for the government and regulatory bodies to mandate the recruitment of young people to serve on the boards of directors of publicly traded firms and other organisations. So, this would be an excellent opportunity for them to explore and get more expertise in this area.' (Participant 13)
	'A young person is represented on all public boards, notably federal ones. This requirement very recently appeared on the law. In other words, there are both young people and adults in leadership positions. This comes straight from the government. Being a board member is not something you should aim for if you're just 18. Their end goal is to learn as much as they can about whatever field interests them, whether it business, entrepreneurship, academics, or anything else. You can't discount the value of young people as a demographic, either. The government took notice. Someone in their twenties may have something to offer an organisation. It's not just about adding value. Perhaps we might help him grow by preparing him for this experience. He may not be able to contribute much at the moment due to his youth, but he will eventually learn and add value. It is about building for the future.' (Participant 34)
	'I would argue that my generation, the millennials, has been taught to care more about the environment and its inhabitants. I believe that having a younger representation on the board, or even just someone younger on the board in general, may assist bring in that environmental viewpoint.' (Participant 20)

Appendix 3: Exemplar interview transcript

Participant 39
Interview date: 27/04/2021
Transcribed on: 29/04/2021

Interviewer

Thanks a lot for taking the time out of your busy schedule to meet with me for my research

Participant

Let's get started right away. So do you want me to introduce myself or they've already sent you my profile?

Interviewer

Please go ahead and introduce yourself. I'll also ask you some questions about yourself, but please go ahead.

Participant

So I'm actually an environmental engineer by training. I've been working for about 23 years before I joined in as a consultant. I graduated from [school name], from [school name] School of Engineering. And then I came here. I worked with a consultancy firm, which is a British owned consultancy from they had an office here in Dubai. But then I had the opportunity to work on the first refinery project in Dubai. They created a company called the [company name]. I worked with them. Then I moved into the head office and my focus areas has been on HSE, mainly on HSE, but then later on, more into business continuity to sustainability.

I've done a lot of work around the sustainability space, operation, excellence and things like that. So I have several qualifications. So I have a bachelor's honours in engineering. But then I've got two postgraduate diplomas in safety management, environmental management. I have an MSC, Masters of Science in Environmental Management engineering focusing on water treatment systems. Then I did an executive MBA with the [school name] School of Management, where I focused on organisational behaviour. And then I did a DBA or PhD with the [school name] School of Management. If you know where [school name].

And I focused on corporate governance and leadership. But my research was focused on how do we create high reliability organisations. So I studied mainly organisations which are high risk like aviation, oil and gas, maritime, et cetera. These are high risk like construction, et cetera. And I studied how do we make these organisations right from the top of the organisation the kind of leads to making models in governance to move them from high risk to high reliability. But also, Besides that, I have several publications. I've published eight international books so far on operational excellence in safety management, reflective learning self development of HSE practitioners on process safety management and human factors.

Also even wrote a book with my father, which was written in English originally, but it's been arabised. It's been translated also into several other languages, including Italian, Malay and Malialam and Russian and French et cetera. So I'm interested in doing a lot of research. I'm also one of the I think 30 plus fellows of the [organisation] who you contacted me through. So that's probably why they passed on to because I like to do a lot of research and development. I do mentorship of directors as well and several things. So that's basically and currently my role is a bit different. My role is in [company name]. I look up to logistics and marine assurance, so that's my day job.

Interviewer

Mashallah, you've accomplished so much and Congrats on publishing eight books. Thank you for introducing yourself. So it covers a bit of my questions that I wanted to ask. And that's good.

Interviewer

Can you tell me how old you are?

Participant

How old is do I look like?

Interviewer

maybe 43.

Participant

I'm going to turn 46 this year.

Interviewer

Can you tell me what is your nationality, your race and ethnicity, and what is your religion?

Participant

UAE national, Arab, Muslim.

Interviewer

Okay. So you told me about your educational background and your educational level. How would you summarise your occupational background?

Participant

You could say that the environment, health, safety, business continuity, sustainability.

Interviewer

Okay. And in the board, do you serve as an independent or a non-independent board member?

Participant

Well, it depends. I've served on a private joint stock company as a vice chair for about nine years. So that is a profit making organisation. I wouldn't say I am completely independent. I am what you call an institutional board director. So I was nominated to sit on the board because [company name] had shares in this organisation. But I sit as an independent in two other boards. One of them is the [company name], the [company name] which is an international body.

Interviewer

And are you also a member of any board committees?

Participant

No. I used to chair the NRC, the nomination renumeration committee. And in [company name], I'm to be appointed as the head of the Risk and Audit committee.

Interviewer

Okay. So how many boards are you currently on?

Participant

Currently? Two, and I'm a senior adviser to a third one.

Interviewer

Okay. And how long have you been a board member?

Participant

I've been sitting on board since 2010.

Interviewer

And have you been a board member of private and public listed companies?

Participant

Yeah. Private joint stock companies companies. So, no, I haven't sat on any listed companies. Okay.

Interviewer

And how frequently did you meet as a board?

Participant

Probably around about six times a year.

Interviewer

Okay.

Participant

It depends on the different boards like [company name] meets officially twice a year. But we meet also intercessionally six times a year. [company name] was about six times a year. Not including the committees here.

Interviewer

And how long do the meetings last?

Participant

It depends.

Participant

The [company name] meetings usually about half a day. The [company name] meetings usually take the whole day. So about 8 hours generally, including the evening before we have a networking discussions and dinner and stuff like that. So you could say one day and the [company name] usually took two to 3 hours. Okay. The strategy would be one day, same thing with the [company name] when we do a strategy and it takes an extra day.

Interviewer

Okay. And how many board members are on the board or boards?

Participant

In [company name] there are five in the [company name].there is about 14, and in [company name] there's about 13.

Interviewer

Okay. And Besides the board committees that you are on and you previously mentioned, are there any other committees that exist on the board?

Participant

Usually the other committees are generally the nomination and renumeration committee and usually a risk and audit committee. So I'm familiar with those two committees. Just these two committees.

Interviewer

Okay. How open would you say is a discussion on the board?

Participant

Really depends on the subject.

Interviewer

So generally, would you say it's open?

Participant

Again, it depends on the subject. The most sensitive subject. There are three things. The openness or the level of discussion or level of engaged discussion differs greatly depending on really three areas. One is the knowledge on the subject. This is usually linked to either understanding the subject area or reading the board act before coming to the board meeting. Which some of our board members don't do. Secondly, general competence and the ability to communicate as a board director and keep the discussion very strategic. Right.

And Thirdly, subjects, which are very sensitive in terms of personal sensitivities to people on certain subjects because they have their own position on things, or they have their own biases, et cetera. These are the three areas probably underlying when people are not open on boards. Right. So you want me to give you an example of the last one because you're doing diversity. So when you start talking about diversity and start talking about this and that then at that point in time, people might be a little bit sensitive because they'll say, Well, look, I have a position that okay. Look, it's not a question of having more women on the board, for example, it's about having more competent people on the board, regardless if they're women or men or whatever. Whoever

we put on the board, it's more important that they're competent rather than what sex or ethnic background they are.

Interviewer

And can you tell me a little bit about how the board operates?

Participant

They meet they discuss the agenda, they put minutes and they come and they make resolutions and discussions and thats it everyone goes home and everyone's happy. Yeah.

Interviewer

What sort of challenges does the board face?

Participant

Many challenges. The latest book I'm publishing, actually on governance and leadership in health and safety. is talking about purpose, what is the purpose of a board. We tell you. You know the history of how boards came about?

So you had a person who owned the business, right. And he ran the business. And so after a while, the business became bigger. So he decided that I'm not going to run. Now the business, i have become very rich. The business become very successful. So I want to bring a bunch of people to run the business for me. Then the business continues to grow. And then what I decided to do is to bring a couple of good people that i trust that who could just sit there and just keep an eye on the management team who are sort of running my business.

And then these good people were just also I involved people who are my friends and they had good connections within the industry and they give credibility to my business. Historically that's how it works. And that's why a lot of people who were in boards in the past were in very honouring positions. They were just honouring positions. They weren't really professional positions. Today, board directors are expected to act more in terms of professional conduct, knowledge, experience, all these things.

So the purpose of the board really is to manage good corporate governance for an organisation to ensure that it can continue to provide sustained value over a long period of time, because I could run a company today and make a lot of money. But there will be no control that the company could easily go bankrupt. I mean, there are many corporate disasters like Enron and WorldCom and whatever. And when you read these, there was just lack of lack of them. They had a board. Many of these have boards.

But what went wrong is that the board was not doing the job properly. First of all, to understand what is the purpose of the board. Once we understand the purpose of board, then we think are they competent enough to actually do this. You'll see in my conversation that I have very strong opinions on competence of people on the board.

Interviewer

So does diversity have any meaning on the board?

Participant

Yes, diversity has three meanings. There is diversity in terms of the kind of people who are on the board in terms of their kind of ethnic background, their age, their gender. So that's one type, which is easily when you open a website and you see the six board members or ten board members, you can immediately to look at their faces and say, oh, yeah, there's two women. And then there's one who's wearing hijab or there's one. Okay. There are a couple of one or two black people on the board, or there's one East Asian looking one. And then you say, okay, well, this must be a diverse board, because you see that. So without even asking any questions, you can just say so that's one. The other way the board is diverse is actually the experience of the people on the board within the industry. So let's say it's a big telecommunications company.

Let's say. its [company name] In Saudi or something. And then you look at the board and the whole board is all guys from the telecommunications industry. So that's a lack of diversity. And then there's another diversity in terms of the experience. So they might not all be from the telecommunications company. You might get people from one from telecommunications, one from hospitality, one from aviation one. But they all finance people. They all have a finance background. So there's lack of diversity, lack of diversity in terms of training and skills, lack of diversity in terms of industry and lack of diversity in terms of the basic gender, religion, age, etc.

But in reality, because I see a lot of people who are trying to study directors or study organisations, study organisations, and they just do that. They immediately think that diversity is only the diversity of what you call observable diversity.

Interviewer

can you tell me about on your boards? What is the independent and non-independent director, Mix?

Participant

Yeah. On the [company name] and [company name], they're all effectively independent.

Interviewer

Okay.

Participant

All effectively independent because we all people from industry. And you see a massive, massive diversity, but good, healthy diversity in every case in the observable or non-observable in [company name], actually, there is a bit of a lack of diversity. We have had women on the board, although it's in the Marinetime industry and stuff like that. But. Right now, there's only one. But at one time we had four women for about against 12 members. So 25% of the board. But there's a lack of diversity in the sense that many of them come from the maritime industry, and many of them have more experience because of the nature of the organisation. So I'm pretty different because I don't come necessarily from the maritime industry. I come from oil and gas, but I come from more from sustainability and, EHS kind of perspective.

But there are a couple of people who are not generally just from that industry, but it's less diverse. In [company name] I guess we were are relatively diverse, although we are a very small. Five plus one board Secretary, independent board Secretary. Okay.

In [company name], they were independent as far as making decisions with regards to [company name]. But where the biggest challenges came in is that when there was a requirement for the report or otherwise, the shareholders to actually invest more money or make decisions on

supporting the companies growing concern and things like that effectively, they have to go back to their principal, to the owners, to the shareholders, the institutions. I wouldnt say that they were fully independent.

Interviewer

Okay. And is the chairperson different than the CEO of the company and every board that you are on?

Participant

Yes.

Interviewer

Can you tell me a little bit about the nationalities of the board members?

Participant

It depends on which one.

Interviewer

Well, tell me first about the board in [company name].

Participant

No. All of them were all UAE nationals. The CEO wasn't a board director. In fact, originally, they wanted to make him a board director. I sort of vetoed that. I don't believe that the CEO should be, but not even a chairman. I don't believe that the CEO should sit on the board. I believe more than the German   if you're familiar with the German model of corporate governance. I like that one.

Interviewer

It is interesting.

Participant

Yes. I think ultimately, again, what I told you is that what is the purpose of the board? The board is purpose to make sure that the organisation can continue to deliver sustained value over the long term. Right. So even when we start questions on ESG and sustainability, the whole idea is that I'm responsible for making sure that the company makes money today.

Participant

The executives are more responsible for the operational and making the money. I'm more responsible that this company doesn't go bankrupt in three years. My fiduciary duties is towards the long term sustained value of the organisation.

Interviewer

Right..

Participant

Although the reality what happens, the reality is that model of the separation or segregation of the roles of chair and CEO is insured in the German model. It does not insure, however, diversity, because actually what you find in a lot of German boards, family businesses, you'll find that a lot of boards have got more men and a lot of the people who are sitting on the board because of the way that the Germans are. You'll find that half the board, it's got engineers and PhDs.

Interviewer

And how about the age mix of the board members?

Participant

There's a lot of interesting discussion around age. I wrote an interesting paper. Just give me a second. Let me pull it out. Just give me a minute. Yeah, no problem. So this is a paper that I'll send it to transforming the quotes. I'm sharing the screen. I'll email it to you after the call. So I can take you through it. So, the paper is called [name of paper].

Interviewer

Yeah. It sounds very interesting I'm very interested in reading that.

Participant

Yeah. So here that will shape the corporate governance practices in the decade. So in various publications that authors contributed with this debate, the discussions on the future of corporate governance and the performance of directors has always insisted. A simple fact that has been shaping the change in the next is not the past decade shall not necessarily be who shaped the corporate governance back in a decade to come. The fact that the world is moving from an asset based economy to a service based economy shall drive this naturally sustainable future in some ways and bring in ways.

Okay. This is going to be changed. However, this will also mean that this consumeristic perspective will demand less because of the long last and durability of assets. I give the example of mobile phones and this consumerism will have significant stress and this has changed a lot because of COVID. Really interesting. I would go back and revisit my thinking here after COVID, but I talked about this, but you asked me about the news.

Participant

I don't like to say I'm not an environmental. I'm not a tree hugger yeah as an environmentalist, but I'm an environmentalist thinker. So back to the question. Right.

Must understand climate change SDGs. So these are also technical aspects. If they are to help demonstrate effective directorship, knowledge and awareness is one thing. But being so familiar with the connectedness, the causal models that connect the environment, societal factors together in the industry societies, organisations operate, it's going to be very imperative. And that's okay. These are the demand for different board and executive talent bench less traditional thinking directors will be the source of that change. So younger people effectively. This can come with the relatively younger generation of executives moving into the board positions or otherwise the intensification of training and development of current directors.

Either way, the change in the mindset of directors is individuals and collective wisdom of the board as a group must transform to transform organisation to being more long term looking and

to ensure that the value proposition sustains you about the sustainment itself. Hopefully enjoy reading it.

Interviewer

Yes, please.

Participant

There's a lot of references here also, you might want to look up some of these.

Interviewer

And please share any other papers that you wrote as well on this topic.

Participant

inshalla I shall, thank you.

Interviewer

Well, that's interesting. So do you believe there is a connection between younger people and environmental practices.

Participant

Yeah, of course, for three reasons, the younger generation tends to see the environment through different lenses. Because younger generations are more revolutionary by default, they tend to express their views more strongly. The older directors accept things as it is, as the consequence of progress. This development came at this price, and that's the price that you sort of had to pay for this. The younger people also are really concerned about the exponential threat of climate change because really places are becoming inhabitable.

We're having very serious issues. Climatic change issues which are having a massive impact on things. Food security also, in terms of issues in certain parts of the world because of the climatic changes. So the younger people are more ready to.So. They also understand, I'm very privileged as a UAE national i was probably the first environmental engineer you don't know. When I first

graduated, my friends used to take the piss out of me all the time. They told me you are an environmental engineer you deal with sewage treatment plants and waste management, waste dumps and things. And it's true that's what we were dealing with at the time. But, someone made a mess. Someone had to engineer how to clean that mess. But it's changed a lot in the last 25 years. You'll see, in my writings because I'm deeply seated within the environmental sustainability context. By the way I received, I'll send you an article. Also be interesting for you. I received a leader of the Year award in [name of award] for a lot of the stuff that I've done because I did a lot of publications. People said to me that it's ironic because I worked for an oil and gas company. But. I've really helped this organisation think about steering how to do things in the most sustainable way, regardless of the fact that its oil and gas and UAE id very rich in oil and gas. So it's what we do. So we have to just do it. Yeah.

Interviewer

Congratulations, Mashalla. That's a very prestigious award. So tell me, in the board that you're on, are there any young people.

Participant

In [company name] i think there's about two or three who are younger than me. So. When you talk to about young people, if you're younger than me, then you're a young person.

Interviewer

What's the age range like?

Participant

Id say the youngest in the group is in her early 30s. Okay.

Interviewer

And you mentioned already that you have one female board member in one company and another one?

Participant

With the [company name] we got actually, quite a few. I mean, the CEO who recently stepped down, she was a female, but she was not part of the board. But we got around about six board directors out of the twelve or 14 who are women, the other one the other board I sit on. Currently, there's only one. But at one time there was like four because these board directors change more often because of the nature of the business. They change out the board directors more frequently.

Interviewer

And in terms of occupational backgrounds, you mentioned that in one of the companies that you're in, everyone comes from the same industry and has the same occupational background. What about the other companies?

Participant

With [company name] two of us were engineers. two came from a more business background, and one came from a more sort of finance background. So we had diversity, although it's a very small group that we only had five men, plus the secretary who was also a man. With the [company name] we had a very diverse background. In fact, by design, that board requires people to come in who are very diverse in their thinking, background... So we've got people who come from like me, from more the conventional space. But we've got people who are also working in policy. We've got people who are working in alternative energy or renewables and things like that.

Interviewer

Okay. Do you feel that there's other aspects of diversity that we didn't cover?

Participant

I'll just tell you where I think the focus should be in terms of the diversity and thinking. Understanding ESG. So I can understand ESG. And you can understand ESG in completely different ways because I come not only from it. Maybe I'm living in a different part of the world. I'm working in a different part of the world. So, for example, how many countries have you travelled to?

Interviewer

It's interesting, because I counted recently. I think it was 24, 24 different countries.

Participant

Yeah. You've worked in any of them. Just travelling more tourist and stuff.

Interviewer

Mostly tourism.

Participant

So imagine if you've actually worked in different parts of the world. So I've only worked in the UK, and here but I've worked in a way that my business. We have got businesses in other parts of world. So I've gone and spent time with them over there. So I havent actually work in that part of the world. But I've had to actually understand how they look at things. What I'm trying to explain to you is that even though you've got standard codes and understand ESG, best practice or good practice or good guidelines to understand how to apply that in the context of the organisation that I'm a board director of depends heavily on my globalised thinking or my global intellectualism. In Arabic we call it knowledge I like to describe this as diversity in depth.

Because myself and I see this because when I'm talking to people like you or I talk to my mentees and things like that, they ask me questions and we talk about. Okay. So what's your perspective? So how do you see social justice? If you work in the, for example, in the coffee trade industry, you will really understand and really appreciate social justice in a completely different way because you'll know that there are certain funds and certain plantations which abuse people. I work very closely with people. There is a standard called the Social Accountability

You need to know this. The Social Accountability SA 8000. It's the standard. So you look up SA 8000.

Interviewer

Okay.

Participant

I think it was. The latest edition is 2014. It's like an ISO standard, like an ISO 9000 standard, but it's only on social accountability, published by an organisation in New York called the Social Accountability International. I'm very familiar with the standard because I'm trained as a social auditor. Social Accountability auditors. I also translated with my colleague translated the standard from English into Arabic. In this standard, it talks about collective bargaining, talks about health and safety, talks about working hours, talks about that. But I work very closely with people who have done social auditing in different parts of the world, Bangladesh, Vietnam, a lot of the China, and one of the guys was telling me, like in Madagascar and imagine the way socially the ladies who work on the plantations, right.

It is socially acceptable that if their boss is a male, that at the end of the walking day, she will come back to his house and Cook dinner and whatever do whatever he wants. And it's actually socially acceptable, right. This is not socially acceptable in many other places. The people you talk to in the west would say what the hell is this. even for us in the Middle East we will say what is this. But they don't see it like that. It's like socially, it's actually accepted that that's the way it works.

So. When you ask me about the diversity and the diversity and thinking depth. Really understanding how things work in different parts of the world to understand, because let's say I'm a board director and I'm asked to say, okay, well, listen, we're going to invest because there's a fantastic opportunity for us to open a distribution or a retail network in Madagascar unless I'm a board director, and I understand what happens in places like Madagascar or I bring in board directors who have had experience in Madagascar. All Madagascarine original people in the book, we will not be able to. Many businesses in the past have gone in opened businesses in certain parts of the world and failed miserably because they were not able to deal with the way locally things are done. when you are choosing board directors, you should choose them for the business in the area that you're working on. If you suddenly are going to move and say, I'm going to divest in Europe and I'm going to invest in the Far East, you must ask yourself, is your current board of directors? Are they still well suited to help manage the business now that it's going to be doing, focusing and spending and investing more in the Far East because it's very different the way that things are done in Europe and the way that things are done in the Far East.

Interviewer

And thank you for that example. So do you value maybe international exposure highly, particularly for international business.

Participant

For sure. And in the globalised world. Also, it's become more and more and more important because I give sometimes lectures to some students. Last one I did with [university name]. Have you heard of [name] University? So I do in [university name], and I talk to them about corporate ethics and the code of business conduct and stuff like that. I travelled and worked in different sort of done work in different places in the world.

And.If you don't have that cultural competence. And I also do some lectures on cultural competence, if you don't have the cultural competence. Sometimes you can really get yourself into some serious trouble.

Interviewer

With the questions that people ask? Is that what you mean?

Participant

Well, yeah and what you're offered and how you respond to what you've been offered. I mean, you go again. I was in South Korea and I was doing a due diligence. So actually, I was part of a team that was doing due diligence on a particular investment because I'm a technical guy. I was more focused on the environmental issues and the operational safety issues and things like that. But we were there for a week because a lot of the stuff had to be done through translation.

But the Koreans are very like us Arabs. We're hospitable people. But their idea of hospitality is a little bit different. They offer you a lot of things which in other places you think is highly unethical. But that's what it's like in their culture. You have to not take offence and just deal with them and explain to them how things are so understanding that you're going to develop business in a particular place in the world, because today more and more companies are looking at doing investments in different places. They want to reach new markets. They do this for whatever political reasons. Currently, the UAE wants to improve its relationship with Argentina. So there's more business which is moving towards Argentina. Argentina will get UAE

businesses more benefits etc. And effectively end up moving towards that. A lot of this cultural competence is very important. Okay.

Interviewer

Thank you for sharing that. And in terms of ESG, does it have any meaning on the board?

Participant

Well it should and it is to some extent ESG. I work also on the [company name] group called the [company name] Sustainable Finance Group. Okay. Led by a Lady I don't know. Who did you work with when you were working with the bank in the [company name], right.

So we developed an ESG maturity model, a five level maturity model. A lot of people on the board really don't understand ESG because, well, they don't understand environment very well because they think it's too technical. They don't understand the social because a lot of the standards and social accountability standards unless you've really dealt with it and understood. So, for example, understanding social return on investment or these kind of things to a lot of board directors, it's very new stuff. They probably understand G or should understand. I would expect most of them to understand G a lot better than E and S.

Interviewer

And with your experience, has it ever been on the board agenda?

Participant

Although it's starting to come onto board agendas of certain companies. But as ESG right now, I have not except maybe [company name] group Besides that probably [company name] group other than that, unless you're an international company like DHL or Aramex or an international hotel chain or otherwise, a listed company. Listed companies are having discussions about ESG because, you know why? Because the ESG index affects their share price and their integrated reporting. And the new Esca standards, even here in the UAE are sort of pushing organisations towards integrated reporting. But you know, a lot of these standards are applicable mostly to listed companies.

Interviewer

Can you mention any ESG initiatives in the companies that you're on the board and you can break them into environment, social and governance.

Participant

In terms of government initiatives, I like things like code of business ethics, improving the conflict of interest, policy, awareness training on corporate business and corporate business ethics and things like that. In terms of social, there's a lot of things that organisations can do. They invest in sort of underprivileged schools, support, for example, school for children with special needs, like autism. Dubai Autism Centre, socially. Also, some organisations have done social investments, so they've actually helped build parts of hospitals or build orphanages and things like that.

Participant

I think, for example, when there was an expansion in [name] hospital in Dubai used to be called the [name] Hospital when they did the expansion of the new NATO ICU, for example, which cost millions. They invested in that expansion. So that's social and in terms of environmental, there's a lot of stuff going on theres growing trees there's improving ... And environmental also falls with a lot of organisations at the moment into any single use plastics going to improve, for example, building efficiency systems, green buildings, energy resource management, water management, building solar panels...

Interviewer

You also mentioned, governance codes. So the companies that you were on the board of do they have established either environmental, social or governance policies or code? I know you mentioned the governance codes already.

Participant

Yeah. The [company name] looks again mainly at the E and somewhat the G with the [company name] that's definitely the E, because we're in the maritime industry and G, to a big extent, less on the S, except if it's linked to Seafarers and their development. And when we were in [company name], we were a company that was involved in encouraging lower carbon and carbon

aggregator and stuff like that. So definitely E and G was very strong. The whole business model was revolved around carbon. Okay.

Interviewer

And do any of the companies publish annual, non-financial reports that could be either CSR ESG or something like that?

Participant

No ESG reports as such. You'll see that in the next couple of years, some companies are publishing integrated sort of semi-integrated reports. I mean, there's an annual report which [company name] publishes and in [company name] no, Because it is a private joint stock company. We wouldn't publish reports anyway, open it's a private company it wasn't interested in producing this. But you have I think again, people like [company name], [company name] and all that are producing what we would call integrated report. At some point they were producing things like sustainability reports, which included the social aspects and things like that. I think most organisations are actually going to start publishing in their integrated reports, the financial along with ESG.

Interviewer

And do you believe that board diversity affects environmental, social or governance adoption on the board?

Participant

Yes.I think so i think both... To answer that question, I think about it this way. You said if i had a less diverse board... When I say diversity, I mean in the way that I explain diversity, right. Yeah. So then I would say it's less likely if you have a less diverse board, because there wouldn't be that kind of discussion in saying that if you had all these guys who are finance people and a new regulation came in and they have to do integrated reporting, then they will adopt it. And it will be very fast to adopt because that's what the guideline and the standard says. So I say yes, diversity is required. But sometimes the lack of diversity. You have all these finance guys and they all know that that's what was the requirement from DFM or whoever the regulator was.They will just implement it.

Interviewer

So do you think that diversity might make decision-making slower?

Participant

It can but I think slower decision-making is not the problem. I think what is more important. I think what is more important is getting to the right decision and going through the right kind of thinking process, right.

Interviewer

Yeah. And so is there a certain characteristic or aspect of diversity that you think impacts ESG more than other types of diversity?

Participant

So this is unsubstantiated, but I would say probably one is age for sure. Two is background. When you put me on a board, obviously, it's going to have a completely different thinking. I've got some technical knowledge and expertise in sustainability and social, diversity and governance, whatever. So it depends also on the members on the board?

Interviewer

I understand that. And can you tell me what skills you bring to the board?

Participant

Well, obviously, with my background, having done PhD in corporate governance, I'm one step away from being charted. I already have several qualifications in directorship. Also, I bring a lot of practical knowledge from ive worked with my hands on the ship. I still go and visit the sites. Nowadays I get on ships. I get on terminals, physically. So I bring a lot of realism sometimes to the board, I think, okay.

Environmental knowledge not only that. I've done a lot of other stuff on risk management and enterprise risk management. I set up actually the enterprise risk management system here in

[company name]. I set up the business continuity, VCM management and things like that business and operational excellence, also in areas like that. So I bring a lot of stuff to support.

Interviewer

And do you bring any networks or contacts to the board?

Participant

Yeah, of course. Ive worked with people... Because of the nature of the diversity of what I do and what I did. So stakeholders from government, nongovernment organisations, other oil and gas companies. People who are working within the renewable space, people who are working with... I told you, I'm a senior adviser to the [company name]. Also, I studied environmental health in college. As a result, I find it quite enjoyable whenever somebody brings up the topic of the environment. For instance, I am involved with many others who have an interest in environmental preservation by virtue of their membership in the [name] organisation. If we ever have an ESG-related requirement, we can tap into a big pool of specialists. I have accumulated quite the number of contacts. so, ive got such a significant network.

Interviewer

And why do you believe that the board feels your networks are important?

Participant

Well, because when they need to leverage on that network. They have to take use of such connections. For example, the government regulator often consults with them, asking questions and receiving answers. Ideas for corporate growth, or anything else of value, might be shared with the board. In order to get a sense that, yes, this is going to happen, you speak to individuals in government. In that time frame, it will occur. To take advantage of any chances that may arise, a company must first put itself in a condition of preparedness. So business then can at that point be ready itself, if you like, can be the state of readiness to address and manage this opportunities that might be coming away.

Interviewer

Okay. And can you tell me or give me an example of a time where you or any other board member used either their skills or their contacts to help them achieve an ESG-related goal?

Participant

I don't have an example in mind. We've done that for ESG deal. The only thing I'll say is with the [company name], for example, we did a study on because of the maritime industry, we were to come up with an environmental strategy document. So part of that was linked. And you could see other board directors who are representing other companies like [company name] and [company name] and stuff like that who are moving obviously towards more sustainable energy. The way that they were advocating their position to support [company name] moving forward was very much towards ESG.

They didn't come out and say, well, because of our ESG we are doing this you could tell from their words that this is what they were... Okay.

Interviewer

And how important important do you think are the skills and networks that the board members bring to the board in achieving ESG goals?

Participant

I think it's very important. I think that's why many boards' adoption of ESG strategies is sluggish due to a lack of skills. They don't know how to translate their expertise to ESG issues. However, I feel it's important to be honest and acknowledge that in reality, board directors lack many talents, including being competent directors

Interviewer

And do you believe that if you have, for instance, a diverse board, you have access to a diverse range of networks and skills that could potentially help you achieve ESG goals?

Participant

yeah, I think so. ofcourse i think that the more you understand that the more you're able to bring in terms of value to a board for sure. But it's also about presenting it in the context of what the organisation is all about.

I mean. If you're in a particular business and you want to go, remember, I mean, a good example, the body shop, for example, you know the body shop obviously, yeah. They've been around, what, 30 years? Probably. I suspect they've been around longer than you have been around. But at the time, their value proposition was that they would not do any testing on animals. They would do this. They do sustainable this. And that was their value proposition. That was a unique, unique value proposition of body shop. And a lot of the people you'll find, probably who are still loyal customers of body shop have been so for the last 20-30 years.

Interviewer

This is a very good example. Thank you for sharing. Do you have anything else you want to add about the topic? please feel free to share.

Participant

No, I'm very happy that people like yourself are doing this kind of research. I'll tell you one thing.

you need to find a way to immerse yourself in the board, because to really understand and really add value in the subject area, especially on the diversity and stuff like that. Again, things like diversity depth, understanding, the pronounced, the less pronounced diversity issues, looking at the issues and also trying to understand. So there's a lot of drive towards, for example, women empowerment and with this whole thing about diversity. So when you go and ask most boards, what are you doing about diversity immediately, they will talk to you about.

Oh, yes, we're in the process or we just employed or we just appointed a female board director and stuff like that. So people don't understand diversity. Maybe in the greater sense, you'll find that because you're studying this. You're studying this in mashalla much wider away. You'll understand that diversity is very different. So I urge you to look at diversity and make sure that your dissertation talks about diversity in a much wider sense, because that's more important in terms of as a predictive success of organisations in the future. I'll send you some papers and listen. Feel free to contact me anytime if you want to discuss. Also, there's a chapter, for example, on risk perception and risk management. There's another chapter on relationship of

CSR, social accountability and sustainability in the board and stuff like that. I'll send you the link. You might want to get the book available on soft and hardback.

Interviewer

Perfect.

Participant

I'll send you the link. I'll send you an email. Some stuff. And the link on the book.

Interviewer

Thank you very much.