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Corporate Social Responsibility and Gender Diversity: Insights from Asia Pacific

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ABSTRACT
A growing body of empirical evidence suggests a positive link between boardroom gender diversity and corporate social responsibility (CSR) performance in developed economy firms. However, there is a paucity of evidence regarding whether this relationship holds true for developing economy firms. Relying on stakeholder and institutional theory, this study examines for a positive link between board gender diversity and enhanced corporate social performance of firms across three Asia Pacific emerging economies (Malaysia, Pakistan, and Thailand). We find a significant relationship between board gender diversity and enhanced adoption of CSR in these emerging markets. Given that emerging societies and their environments are often the most vulnerable to unethical corporate practices, our finding that female directors can play a strategic role in enabling firms to ethically manage their social responsibilities and sustainable practices has important policy implications for regulators and stakeholders. Copyright © 2017 John Wiley & Sons, Ltd and ERP Environment

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Introduction

Capital market contestants, particularly institutional investors, shareholder activists, and financial market speculators, are paying closer attention to corporate governance, corporate social responsibilities (CSR), and board gender diversity of listed firms, when pursuing both the financial and the social goals of their stakeholders. This framework is now widely acknowledged in the management literature for its descriptive accuracy, instrumental power, and normative validity (Donaldson & Preston, 1995; Campbell, 2006; Park & Park, 2016).

Stakeholder theory emphasizes that an organization is part of a broader social system wherein the organization impacts, and is impacted by, other groups within society (Freeman & Reed, 1983; Freeman, 2001; Deegan, 2002). However specific stakeholder groups not only have differing expectations of how the organization should conduct its

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operation but vary in their ability to influence the organization to comply with their expectations. How an organization reacts to the impact of various stakeholder groups depends not only on the institutional environment in which it operates but the characteristics of its decision-makers. Nordberg (2008) argues that it is the responsibility of corporate boards to manage for the benefit of all stakeholders and that firms with a diversified board are better positioned to understand broader societal needs and create a positive firm image that enhances stakeholder outcomes. An important facet of board diversity receiving recent attention in the literature focuses on gender diversity.

The benefits of appointing female directors are not universally acknowledged in the management literature with some scholars arguing that appointing female directors in response to regulatory pressure has, at best, a limited effect on firm outcomes and value (Adams & Ferreira, 2009; Gregory-Smith *et al.,* 2014). Using stakeholder theory and institutional theory as the theoretical foundation, we examine the impact of female directors on the CSR practices of the top 100 indexed companies in each of three developing economies (Malaysia, Pakistan, and Thailand), three countries characterized by emerging economies that have common characteristics in terms of their basic governance system (La Porta *et al.,* 1998).

The main focus of this study therefore is to determine whether board gender diversity impacts the CSR practices of emerging economy firms. To address this question, we integrate institutional and stakeholder views to develop a model identifying social and organizational factors which impact CSR practices. The concepts of stakeholder management, stakeholder dialogue, and stakeholder partnership have all become mainstream concepts in the field of CSR (Yang & Rivers, 2009) and we contribute to that literature by applying a combined stakeholder/institutional perspective to CSR strategy adoption in developing economies (Doh & Guay, 2004; Yang & Rivers, 2009; Kim & Kim, 2014; Jamali *et al.,* 2015).

The remainder of the paper proceeds as follows. In the next section, we discuss institutional and stakeholder theories, followed by a review of previous related studies of gender diversity and CSR performance. We then outline our hypothesis and detail our methodology. After reporting the results of our empirical study, we conclude the paper with a discussion of the relevance of our findings.

Theoretical Framework

To study the complex relationship between board gender diversity and CSR, we argue that a mixture of theoretical concepts needs to be harnessed, namely, stakeholder theory (Freeman, 1984; Donaldson & Preston, 1995; Godfrey & Hatch, 2007; Larrieta-Rubín de Celis, 2015), stakeholder salience theory (Mitchell *et al.*, 1997), and the institutional perspective (Scott, 2013). We believe that this multi-theoretical approach may provide a subtler explanation, wherein we expect that female directors' ability to influence firm CSR engagement is dictated by both institutional pressures and through the empowerment of certain stakeholders.

Most studies of CSR rely on stakeholder theory (Freeman, 1984); however, while this approach has the merit of integrating interdependencies among diverse internal and external stakeholders and the firm, it fails to prioritize stakeholders. To address this issue, we rely on the concept of stakeholder identification and salience theory put forward by Mitchell *et al.* (1997). While more insightful, this latter approach has been criticized on the basis that it fails to explore how CSR is shaped by the business organization's institutional environment. Campbell (2006) argues that the way corporations view their stakeholders depends on the institutional and structural constraints within which they operate.

Stakeholder Theory

The basic premise of stakeholder theory is that managers must reconcile their own objectives with the claims and expectations made on them by various stakeholders (Carroll, 1991; Parmar *et al.,* 2010). Within the CSR perspective, stakeholders of a firm are defined as individuals or groups which are either harmed by or benefit from the firm, or whose rights can be violated, or have to be respected by the firm (Crane & Matten, 2004). According to Srivastava *et al.* (2012), the basic focus of the CSR concept is to provide prime benefits to employees, the environment, customers, society, and shareholders, which are all considered as stakeholders of the firm.

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Much of the CSR research has drawn from theoretical insights derived from stakeholder theory (Jamali, 2008; Jamali & Sidani, 2012; Khan & Lund-Thomsen, 2011; Jamali *et al.,* 2015), with Carroll (1991) and Thorne *et al.* (2003) arguing there is a natural fit between the idea of CSR and an organization's stakeholders. However, research on the strategic dimensions of CSR has historically concentrated on measures that further the immediate interests of the corporation, whilst also producing social benefits (Burlinghame & Young 1996; Porter & Kramer 2002; Vos, 2003; Campbell & Slack, 2008). This traditional view of stakeholder theory proposes a model of the firm where all stakeholders have equal interests and payback with no one stakeholder's interests having prima facie priority over another's. In this study, we make a step forward by considering how institutional factors impact on stakeholder empowerment to better understand how female directors may drive CSR performance.

Institutional Theory

According to institutional theory, by conforming to formal and informal rules that are imposed by the institutional environment, organizations increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures (Meyer & Rowan, 1977). To achieve legitimacy and gain resources for survival, organizations have to become isomorphic with their institutional environment, this suggests that organizations tend to adopt the same practices as other organizations in the same field.

Institutional theory in general predicts the increased homogenization of CSR across borders, through regulative, normative, and cognitive processes leading to increasingly rationalized and standardized CSR practices (Matten & Moon, 2008). Conceptually, Matten and Moon (2008) argue that CSR differs among countries due to the differences in historical institutions that shape corporate norms. Ioannou and Serafeim (2012) also argue that CSR heterogeneity among countries is a consequence of variations in national institutions (the political system, the education and labor system, the financial system, and the cultural system) and highlight the greatest variations in these institutions lies between developed and developing economies.

Previous Empirical Research and Hypothesis Development

A considerable body of empirical evidence supports the contention that CSR has benefits for firms. For example, CSR has been shown to have a positive impact through providing better access to valuable resources (Waddock & Graves, 1997), attracting and retaining higher quality employees (Greening & Turban, 2000), allowing for better marketing of products and services (Fombrun, 1996), creating unforeseen opportunities (Fombrun & Rindova, 2000), and contributing towards gaining social legitimacy (Hawn *et al.,* 2011).

While a considerable body of empirical evidence maintains a positive relationship between female involvement in upper management (particularly the board of directors) and enhanced outcomes for firms, relatively few studies have investigated whether board gender diversity is related to a firm's CSR performance. Nor have the findings been consistent. For example, while Webb (2004), Bernardi *et al.* (2006), Francoeur *et al.* (2008), and Setó-Pamies (2015) find suggestion of a positive relationship between board gender diversity and CSR performance, Molz (1995) and Zahra and Stanton (1988) report a negative association with Stanwick and Stanwick (1998) failing to find any association. However, not all studies of female board diversity and CSR performance have reported a positive impact. As previously mentioned Molz (1995) and Zahra and Stanton (1988) report a negative association and Stanwick and Stanwick (1998) fail to find any association between gender diversity and CSR engagement. Coffey and Wang's 1998 study also empirically evaluated gender diversity and managerial control of the board as possible predictors of corporate philanthropy and found no evidence to support board diversity.

Given the paucity of evidence relating to the impact of female directors on CSR performance of emerging economy firms, the focus of this study is to examine the extent to which females appointed to corporate boards in three emerging economies (Pakistan, Malaysia, and Thailand) impact on their firms' CSR performance and to investigate the governance and institutional characteristics of firms that promote board gender diversity. We expect that the presence of collective actors whose power is highly institutionalized among the firm's social stakeholders may limit female directors' discretion. The impact of gender diverse boardrooms on a firm's CSR performance should be low

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or non-existent in CSR dimensions that are tightly institutionalized, whereas its impact should be greater on those CSR dimensions that are weakly institutionalized. Therefore, we will examine the following hypothesis:

> Hypothesis 1: *Firms with greater gender diversity in their boardrooms are more likely exhibit higher levels of CSR implementation than firms with lesser gender diversity in their boardrooms.*

Methodology

Sample

As previously outlined (Aguilera *et al.*, 2006; Su *et al.*, 2014) there is a paucity of empirical research on CSR adoption practices (Zhao, 2012), among emerging economies, including those of Asia Pacific. As such we have selected three economies (Malaysia, Pakistan, and Thailand) as being representative of the region. The sample economies also provide us with an interesting context for the research (Abdullah *et al.*, 2015) with their recent pledge to stakeholders to improve governance implementation and to initiate policies and procedures consistent with those adopted in developed economies. Malaysia, Pakistan, and Thailand are also suitable emerging economies in which to conduct our study as they have sufficiently sophisticated equity markets with standardized reporting requirements, allowing for comparable data collection across countries in different settings and over time. Focusing on more than one emerging economy is important as differing emerging economy firms tend to be characterized by particular governance features, institutional structures, regulatory frameworks, and cultural values. The focus of the study is a sample of the largest 100 companies listed on the stock exchanges of each of these three countries for the years 2010 to 2014. This represents a total sample of 1131 firm-year observations.

Dependent Variable

Firm CSR performance is measured using individual firm data from the CSRHub database. This database independently ranks the CSR adoption of individual firms in emerging economy using four main categories and twelve subcategories of CSR adoption practices. The four main categories cover community engagement, employee welfare, environmental sustainability, and corporate governance. Within these four categories are twelve sub-categories which focus on community development and philanthropy, human rights and supply chain, product safety, employee compensation and benefits, diversity and labor rights, training, safety and health, energy consumption and climate change and environment policies and reporting, resource management, board leadership and ethics, and transparency and reporting.

Independent Variable

Details of female board appointments were hand collected from the Director Profile section of each company's relevant annual report. Following previous studies, the percentage of female board members (Erhardt *et al.*, 2003; Grosvold *et al.*, 2007; Hafsi & Turgut, 2013; Francoeur *et al.*, 2008) is calculated by dividing the number of female directors serving on each company's board by the total number of directors.

Control Variables

Prior research has recognized several other factors that may have an association with firm CSR adoption (Abdullah *et al.*, 2011; Khan *et al.*, 2013; McWilliams & Siegel, 2001). These factors include board size, board meeting frequency, board members' age, board members' tenure, board members' education qualifications, CEO-chair duality, board members' international experience, board members' business experience, foreign ownership, firm size, and firm performance. Board size is measured as the total number of directors, both insiders and outsiders, sitting on

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board (Abdullah *et al.*, 2015). We measure board meeting frequency as the number of times board members have sat for a formal meeting with notice circulated beforehand (Larcker *et al.*, 2007). Board member age, business and international experience are hand-collected from disclosures from director profiles detailed in each company's annual reports (Heyden *et al.*, 2015). Annual report director profiles were also used to identify board member tenure (the number of years each director was sitting on board, Petrenko *et al.*, 2015) and board members' education qualifications (Heyden *et al.*, 2015). Directors possessing a bachelor or professional degree scored as 1, master degree scored as 2 and a doctor of philosophy scored as 3. Likewise, in Khan *et al.* (2013), directors having educational qualifications below a bachelor's degree (such as a diploma) were scored 0.

CEO-chair duality is coded as a binary variable, with a score of 1 given when the CEO and board chair positions are held by different individuals, and a score of 0 otherwise (Bear *et al.*, 2010; Petrenko *et al.*, 2015). Independence of directors was also determined by hand-collecting relevant disclosures in the firm's annual reports. A director was considered as independent if they were not a current or past executive of the firm nor had any significant relationship with firm such as representing a major shareholder, customer or supplier of the firm or acting as a consultant to the company. To measure firm performance, we use the accounting ratio: return on equity and firm size is measured in terms of annual sales income. Return on equity has been predominantly used in previous research to proxy for firm performance (McWilliams & Siegel, 2001). We also control for country and year to be consistent with extant studies (Su *et al.*, 2014). It is important to control for country as emerging economies can vary between themselves regarding regulatory efficiency, corporate profile, and social and religious fabric. Countries are coded as 1 for Malaysia, 2 for Thailand, and 3 for Pakistan. We have controlled for each year in the 2010 to 2014 period using a year dummy.

Findings

The descriptive statistics and inter-correlation matrix results are presented in Table 1 and Table 2, respectively. We have used ordinary least square (OLS) multiple regression analysis to estimate the magnitude of influence of gender diversity on CSR adoption practices among emerging economy firms, as we presume that the practices are not homogenous among the economies. We present mean and standard deviations separate from correlation coefficient to simplify the results. Correlation coefficient and variance inflation factor (VIF) results in this study did not give figures which could have raised multicollinearity issues using a two-tailed test. Therefore, we are confident our results are not subject to multicollinearity concerns (Tihanyi *et al.*, 2003).

Univariate Analysis

Means and standard deviations of the variables used in this study to test the hypotheses developed earlier are presented in Table 1.

Table 1 shows that the average CSR ranking of sample firms was 33/100 and only 9% of sample firms had appointed one or more female directors to their board. Comparatively low average CSR rankings and low board gender diversity are consistent with the underlying assumptions that both gender diversity and CSR adoption is still developing in Asian emerging economies. With respect to control variables Table 1 also shows that the average board in the sample consisted of 9.5 total members of whom 53% were independent from management and that boards met on average 7.5 times per annum. 55% of boards (130 of 238) also containing at least one director with international experience gained from firms head-quartered in a developed country. In relation to director's profile, directors were aged on average 58.82 years and had served on the board for 9.02 years. Educational qualifications were ranked the before mentioned scale of 0 to 3 with total board score divided by the number of board members. Table 1 shows that average board academic qualification ranked 0.43/3. However, 58% of directors also had business management experience outside of their current directorship. The average sample firm had 16% foreign ownership, average annual sales of $545.8 m and a return on equity of 16%. Besides, 20% of sample firms also reported the appointment of a dual CEO/chair.

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Variables	Mean	S.D
CSR	33/100	8/100
Gender Diversity	9.0%	1.0%
ROE	16.0%	25.0%
Sales	$545 m	$2.2 m
Foreign Ownership	16%	1.5%
Board Size	9.5	1.0
Board Meeting Frequency	7.5 times	1.7 times
Board Average Age	58.82 years	5.90 years
Board Average Tenure	9.02 years	4.18 years
Board Advance Degree	0.49	0.25
Board Business Expertise	58%	22%
CEO Duality	20%	6%
Board International experience	55%	13%
Board Independence	53%	23%
Malaysia	0.26	0.44
Thailand	0.18	0.37
Pakistan	0.42	0.49
2010	0.20	0.40
2011	0.20	0.40
2012	0.20	0.40
2013	0.20	0.40
2014	0.20	0.40

Table 1. Descriptive statistics (N = 1131)

Table 2 presents the correlation coefficient analysis of variables used in this study. A Correlation matrix is used to simplify the interpretation of the variables and show VIF and linear dependency. Our results report that none of the VIF values reached the maximum threshold of 10, which is used to identify multicollinearity problems and we conclude that multicollinearity is not an issue in this study.

Multivariate Analysis

Hypothesis 1 predicts that female board members sitting on the board of emerging economy firms will have a positive influence on CSR adoption practices. The results of model 4 in Table 3 show that, at the 5% level, board gender diversity is positively and significantly associated with firm CSR ratings (3.26). These results are in line with findings of studies of developed economy firms such as Bear *et al.* (2010) who argue the positive influence of female directors is due to their increased sensitivity to CSR (Williams, 2003), heightened empathy to a broader stakeholder base and participative decision-making styles (Hillman *et al.,* 2002; Nielsen & Huse, 2010).

Apart from our explanatory and moderating interactions with CSR adoption practices of emerging economy firms, the results also indicate that the control variables CEO/Chair duality, board independence and board size are negatively associated with CSR adoption in the emerging economies while country and year level effects all show a positive and statistically significant interaction with firm CSR rankings. Firm profitability (measured using ROE) exhibited a positive relationship with CSR while firm size (measured using annual sales) exhibited a negative relationship with CSR rankings.

The findings that board size and CEO/Chair duality have a negative relationship with CSR activities is in accordance with the existing empirical evidence. Larger boards and CEO/chair duality are likely to result in managerial power being invested in a dominate CEO who has personal incentives not to invest in CSR as it impacts on the

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	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Gender Diversity	-0.05																				
Board Independence	0.22**	-0.37**																			
International exper.	0.04	0.00	-0.11**																		
Board Size	-0.12**	0.13**	-0.06*	-0.19**																	
Meeting Frequency	-0.35**	0.20**	-0.26**	0.09**	0.18**																
Board Average Age	0.08**	-0.19**	0.27**	-0.13**	-0.06	-0.11**															
Board Average Tenure	0.14**	-0.05	-0.07*	0.08**	-0.11**	-0.13**	0.17**														
Board Advance Degree	0.42**	-0.26**	0.36**	-0.01	-0.14**	-0.35**	0.09**	0.05													
Business Expertise	-0.04	0.01	-0.32**	0.32**	-0.09**	0.10**	-0.28**	0.22**	-0.05												
CEO Duality	-0.04	-0.03	0.12**	-0.02	0.15**	-0.03	0.08**	-0.04	0.05	-0.11**											
ROE	0.05	0.02	-0.02	0.12**	0.01	-0.05	0.01	-0.02	0.03	-0.04	0.04										
Sales	-0.28**	0.02	-0.09**	-0.07*	-0.07*	0.07*	-0.09**	-0.17**	-0.15**	0.00	0.04	0.00									
Foreign Ownership	0.10**	-0.03	0.01	0.20**	0.04	-0.07*	0.00	-0.05	0.03	0.03	0.06	0.37**	-0.08**								
Malaysia	-0.57**	0.15**	-0.27**	-0.15**	-0.01	0.37**	0.04	-0.29**	-0.58**	-0.28**	0.02	0.01	0.22**	-0.08**							
Thailand	-0.07*	0.12**	-0.36**	0.30**	0.17**	0.25**	-0.34**	0.35**	-0.12**	0.65**	-0.17**	-0.02	-0.07*	0.04	-0.38**						
Pakistan	0.62**	-0.24**	0.54**	-0.07*	-0.12**	-0.56**	0.22**	0.03	0.68**	-0.21**	0.10**	-0.01	-0.17**	0.05	-0.72**	-0.37**					
2010	-0.02	-0.08**	-0.01	0.05	0.02	-0.02	-0.13**	-0.16**	0.00	-0.01	0.01	-0.01	0.00	-0.06	0.00	-0.00	-0.00				
2011	-0.00	-0.02	-0.01	0.00	0.02	-0.02	-0.07*	-0.09**	-0.01	-0.00	0.01	-0.01	-0.01	0.03	0.00	0.00	0.00	-0.25**			
2012	0.01	0.01	-0.01	-0.02	-0.01	0.01	-0.00	-0.00	-0.00	0.01	-0.00	-0.01	0.00	0.02	0.00	0.00	0.00	-0.25**	-0.25**		
2013	-0.01	0.03	0.02	-0.03	-0.01	0.02	0.06*	0.12**	0.01	0.01	-0.00	0.03	0.01	0.00	0.00	0.00	0.00	-0.25**	-0.24**	-0.25**	
2014	0.02	0.05	0.01	0.01	-0.02	0.020	0.15**	0.14**	0.00	-0.00	-0.00	-0.00	-0.00	0.00	0.00	0.00	0.00	-0.25**	-0.25**	-0.27**	-0.25**

Table 2. Correlation coefficient analysis

***. Correlation is significant at the 0.01 level (2-tailed).*

**. Correlation is significant at the 0.05 level (2-tailed).*

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	Model (1)	Model (2)	Model (3)	Model (4)
ROE	2.38**	2.26**	2.26**	2.33**
Sales	-4.57**	-4.55**	-4.66**	-4.64**
Foreign Ownership	1.53	1.57	1.66	1.43
Board Size	-2.82**	-3.01**	-3.11**	-2.65**
Board Meeting Frequency	0.37	0.52	0.29	0.15
Board Average Age	-1.45	-0.84	-0.41	-0.16
Board Average Tenure	1.70	1.40	1.58	1.48
Board Advance Degree	-1.83	-1.66	-1.44	-1.40
Board Business Expertise	-0.91	-1.55	-1.25	-1.44
CEO Duality	-3.03**	-2.79**	-2.74**	-2.67**
Board International experience	-0.01	-0.10	-0.06	0.09
Board Independence		-4.32**	-3.17**	-3.45**
Gender Diversity				3.26**
Malaysia	3.26	3.20	3.42	3.76
Thailand	4.27**	4.33**	4.29**	4.41**
Pakistan	18.73**	19.28**	19.20**	19.49**
2010	0.22	0.23	0.09	0.12
2011	0.19	0.19	0.04	0.07
2012	0.30	0.30	0.06	0.10
2013	-0.11	-0.03	-0.37	-0.39
2014	0.68	0.68	0.27	0.22
R^2	44.9%	45.95	46.3%	46.7%
Adjusted R^2	44.1%	45.0%	45.4%	45.8%
F-Statistics	53.45	52.32	50.44	48.68

Table 3. Multiple regression results

firm's short-term performance on which they are evaluated and remunerated. Although larger boards and those dominated by a dual CEO/chair are less likely to make effective decisions that benefit non-shareholder stakeholders, the negative impact of board independence on CSR adoption is contrary to expectation. A possible explanation may be that it is increases in gender diversity not director independence when firms increase their boards to include more females that has the most effect on CSR decisions (Konrad & Kramer, 2006).

Tihanyi *et al.* (2003) posit that to derive insights on specific moderation effects above that produced through regression models, interaction plots should be examination. Following this supposition, we (as shown in Figure 1) exemplify the moderation effect of independent directors on the relationship between female board members and CSR adoption practices of emerging economy firms. The intercept depicts that in the presence of independent

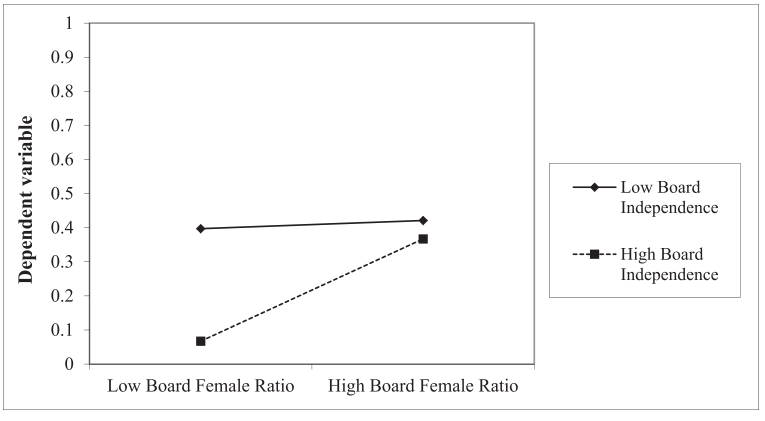

Figure 1. Interaction plot

directors, the presence of female board members has a significant association with higher levels of CSR adoption in emerging economy firms.

To increase female participation in board rooms, governments and regulators around the world have recently started intervening (Isidro & Sobral, 2014). Earlier studies have also found minimal presence of females on boards including Alowaihan (2004), Hillman *et al.* (2007), and Abdullah *et al.* (2015). In addition, we investigate governance characteristics of those firms that appoint female directors with an important focus on the examination of the influence of female board members on CSR performance.

Results and Discussion

With the ongoing increases in female representation on boards of directors, the benefits and costs of diversity on corporate boards have been widely discussed in developed economies. Several studies (Fernandez-Feijoo *et al.*, 2014; Francoeur *et al.*, 2008; Abdullah e*t al.*, 2015; Setó-Pamies, 2015) have outlined the impact of diversity on CSR. One major advantage is that having a variety of opinions from different stakeholders who have been traditionally underrepresented gives a firm a broader range of knowledge and professional contacts than were previously available.

The conventional explanation for the CSR-promoting role of women leaders (i.e., board of directors) is rooted in the long-standing idea that women, in general, are more ethically sensitive and empathetic than men (Rao & Tilt, 2015). Gender socialization theory support our findings, a prominent theory on workplace gender differences, posits that men and women are different in their orientation toward moral principle, largely because women have better internalized ethical and communal values through their social roles. Ample support was found for this inference, indicating that females tend to have stronger moral standards and ethical stances than their counter part. For example, in their attempt to link social role theory to the theory of leadership, suggested that communal orientation including aspirations and values of being helpful, kind, sympathetic, interpersonally sensitive and nurturing are more frequently found in women. Moreover, female directors' values and perceptions of CSR issues appeared to be different from male directors, suggesting that values and perceptions of individuals do influence CSR decision-making at senior levels.

The findings of this research are important insinuation for corporate boards, shareholder's activist, minority shareholders, and investors. For boards, the positive impact of gender diversification is significant as having more female directors can enhance critical board processes including analysis and decision making. This positive impact of females on boards can improve ratings for CSR which can, in turn, enhance corporate reputation and positively impact firm financial performance, institutional investment, and stock price (Bear *et al.*, 2010). This research provides investors an additional tool when assessing potential investments. Because an increase in the number of female on a board may improve CSR, board changes may provide important signals to investors indicating the potential for improved reputation and firm performance.

Conclusion

In this study, we examine how CSR practices influence gender-diverse boardrooms of Asian emerging economies. Using stakeholder theory and institutional theory, we examine the social identity aspect of gender diversity in establishing a theoretical foundation for listed firms where board diversity has been emphasized by the regulators. Both institutional strength and technical strength showed a positive relationship with overall CSR strength ratings. Institutional strength reflects the firm's ability to meet expectations of the community and diversity stakeholders through philanthropy, community support, and hiring practices. Technical strength reflects positive exchanges with consumers, stockholders, and employees through product quality, good governance, and employee compensation and benefits. Stakeholders value these strengths as firm's assets because enhancing overall reputation in these areas translates to a reservoir of goodwill (Vanhamme & Grobben, 2009).

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In providing empirical evidence for the drivers of and benefits of gender diversity on corporate boards in an emerging economy, our findings evidence several implications for practice, policy, theory, and the future research agenda. These findings in particular will allow policymakers and stakeholder groups to evaluate current board diversity recommendations and provide evidence to firms to strengthen their corporate governance through higher female participation.

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