

Inclusive board and sustainability practices: A cross-cultural study

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Presentation Sequence



Background of the study

- Boards of governors (BOG) often struggle to implement policies to satisfy shareholders.
- NPOs need to follow a successful course to secure funding, (see, e.g. Bernstein et al., 2019).
- The BOG should expect different results across different cultures if adopting sustainability practices (Hofstede, 2007; Jamali et al., 2019).
- The retention of diverse, talented BOG is due to lacking diversity policies (Harjoto & Rossi, 2019). BOGs are particularly sensitive to challenges like conflict, performance and creativity issues (Saleem et al., 2019).

Research Question and Objectives

- How does the inclusive board's behavior is related with the board's diversity and sustainable business practices?
 - To explain relationship between Board's Diversity and Inclusive behaviour ,
 - To explain relationship between Board's Diversity and Board's Practices and Policies,
 - To explain relationship between Board's Diversity practices sustainability performance,
 - To explain relationship between Inclusive Behaviour of the corporate board and sustainable performance.
 - To explain the mediating role of Inclusive behaviour.

Research Gaps and Significance

- The study fills the theoretical gap by linking the two disciplines of corporate governance and sustainability.
- Data is collected from Canadian society - welcomes the diverse workforce, Pakistani community - Conservative towards accepting a diverse workforce.
- Due to inconsistent research findings regarding diversity, it is imperative to investigate non-profit board diversity and its impact on sustainability practices in two different cultures of Canada and Pakistan (Hofstede, 2007; Hussain et al., 2018).

- BOGs are particularly sensitive to challenges like conflict, performance and creativity issues (Saleem et al., 2019).
- The business case for diversity is not only beneficial for external stakeholders (Bernstein, et al., 2019), constructive conflict among the team can also increase the firm's effectiveness (Zollo et al., 2019).
- The retention of diverse, talented BOG demands diversity policies (Harjoto & Rossi, 2019).
- For NPO's governance and sustainability practices, board's willingness to promote diversity and inclusive workplace research is inconclusive and demands comparative studies to address the recent call for research (Buse, et al, 2016; Saleem et al, 2019) to establish linkage between inclusive board's behavior with sustainability practices (see, e.g. Bernstein et al., 2019).

Research Hypotheses

1. *Board's Diversity has a positive impact on the Inclusive behaviour*
2. *Board's Diversity has a positive impact on the Board's Practices and Policies*
3. *Board's Diversity in policies and practices have a positive and significant effect on sustainability performance*
4. *Inclusive Behaviour of the corporate board has a positive effect on sustainability performance.*
5. *Inclusive behaviour of corporate board mediates the relationship between board diversity and sustainable business practices among NPOs*
6. *Board's policies and practices mediates the linkage between board diversity and sustainability performance.*

Methodology

Research Design

Quantitative

Study type	Cross Sectional
Unit of Analysis	BOG from multiple NPOs
Respondents	143 Canadian and 101 Pakistani respondent
Sampling technique	random sampling
Scales	<p>The eight-item scale of the inclusion behaviour <i>was</i> adopted from Buse et al. (2016).</p> <p>Blau's (1977) index was used to quantify the scale for the board's diversity. Board's diversity policies and practices scale of the inclusion behaviour <i>was</i> also adopted from Buse et al. (2016).</p> <p>We are used a scale of by Karkouliau et al., (2016) to measure sustainability .</p>

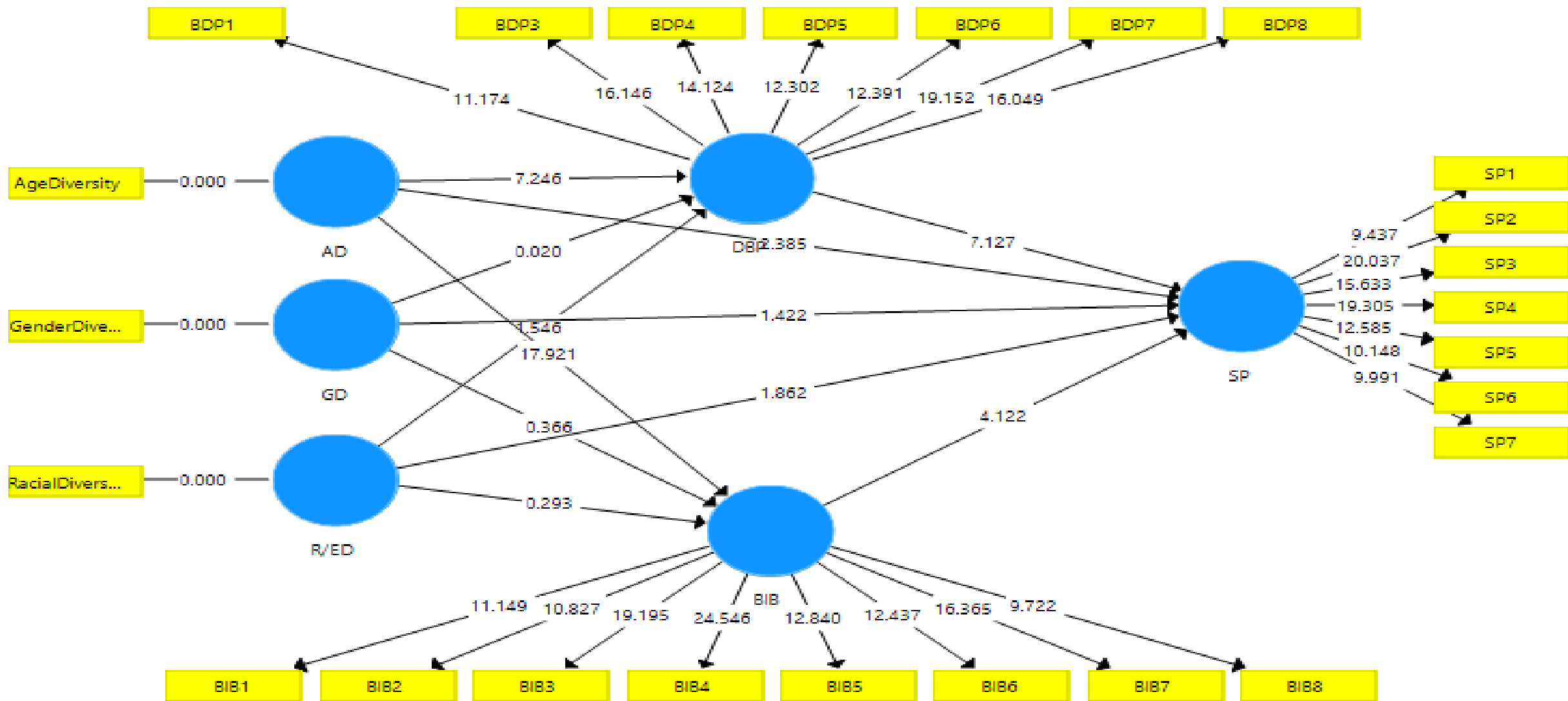


Figure: PLS-SEM “Bootstrapping” (Mediation Analysis) – Study 1

Results-Hypotheses Testing– Study 1 Canadian

Hypothesis/Path	β	S.E.	T value	P value	Decision	VIF	F ²	Effect	Q ²	R ²
					Not Supported				.34	.67
H1a:GD→BDP	.002	.086	.019	.985		1.003	.001	Small		
H1b:AD→BDP	.558	.074	7.52	.000	Supported	1.01	.44	Large		
					Not Supported					
H1c:R/ED→BDP	.112	.076	1.47	.141		1.02	.02	Small		
					Not Supported					
H2a:GD→BIB	.022	.063	.344	.731		1.003	.001	Small		
H2b:AD→BIB	.769	.043	17.9	.000	Supported	1.01	.14	Medium		
					Not Supported					
H2c:R/ED→BIB	.016	.058	.271	.786		1.02	.001	Small		
H3:DBP→SP	.567	.087	6.53	.000	Supported	2.14	.446	Large		
H4:BIB→SP	.477	.118	4.08	.000	Supported	2.14	.153	Medium		

Note= BDP= board’s diversity-friendly practices, BIB= Inclusive board behaviour, SP= Sustainable practices, GD= Gender diversity, AD=Age diversity, R/ED=Racial diversity

*: p<0.1, **: p<.05, ***: p<.01

Mediated Model– Study 1 Canadian

Hypotheses	Paths	β	S.E.	T Stat	p-value	Decision
H5a	GD→BIB→SP	.007	.019	.375	.708	Not Supported
H5b	AD→BIB→SP	.250	.019	3.55	.000	Supported
H5c	R/ED→BIB→SP	.005	.018	.288	.774	Not Supported
H6a	GD→BDP→SP	.001	.051	.018	.985	Not Supported
H6b	AD→BDP→SP	.310	.056	5.55	.000	Supported
H6c	R/ED→BDP→SP	.062	.040	1.537	.125	Not Supported

Note: BDP= board’s diversity-friendly practices, BIB= Inclusive board behaviour, SP= Sustainable practices, GD= Gender diversity, AD=Age diversity, R/ED=Racial diversity

*: p<0.1, **: p<.05, ***: p<.01

Results-Hypotheses Testing for Direct Relationships – Study¹²

Hypothesis/Path	β	S.E.	T value	P value	Decision	VIF	F ²	Effect	Q ²	R ²
					Not Supported				.28	.63
H1a: GD→BDP	.014	.054	.259	.796		1.03	.001	Small		
H1b:AD→BDP	.465	.066	7.05	.000	Supported	1.17	.58	Large		
H1c:R/ED→BDP	.542	.062	8.79	.000	Supported	1.16	.81	Large		
					Not Supported					
H2a:GD→BIB	-.014	.078	.185	.853		1.03	.00	Small		
H2b:AD→BIB	.348	.089	3.90	.000	Supported	1.17	.15	Small		
H2c:R/ED→BIB	.311	.088	3.54	.000	Supported	1.16	.11	Small		
H3:DBP→SP	.533	.126	4.27	.000	Supported	1.93	.32	Medium		
H4:BIB→SP	.369	.085	4.35	.000	Supported	1.93	.21	Medium		

Results-Hypotheses Testing for Mediated Model– Study 2

Hypotheses	Paths	β	S.E.	T Stat	p-value	Decision
H5a	GD→BIB→SP			.030	.861	Not Supported
		-.005	.030			
H5b	AD→BIB→SP			2.69	.007	Supported
		.128	.048			
H5c	R/ED→BIB→SP			2.61	.009	Supported
		.115	.044			
H6a	GD→BDP→SP			.242	.809	Not Supported
		.007	.031			
H6b	AD→BDP→SP			3.71	.000	Supported
		.248	.067			
H6c	R/ED→BDP→SP			3.73	.000	Supported
		.289	.078			

Note: BDP= board’s diversity-friendly practices, BIB= Inclusive board behaviour, SP= Sustainable practices, GD= Gender diversity, AD=Age diversity, R/ED=Racial diversity

*: p<0.1, **: p<.05, ***: p<.01

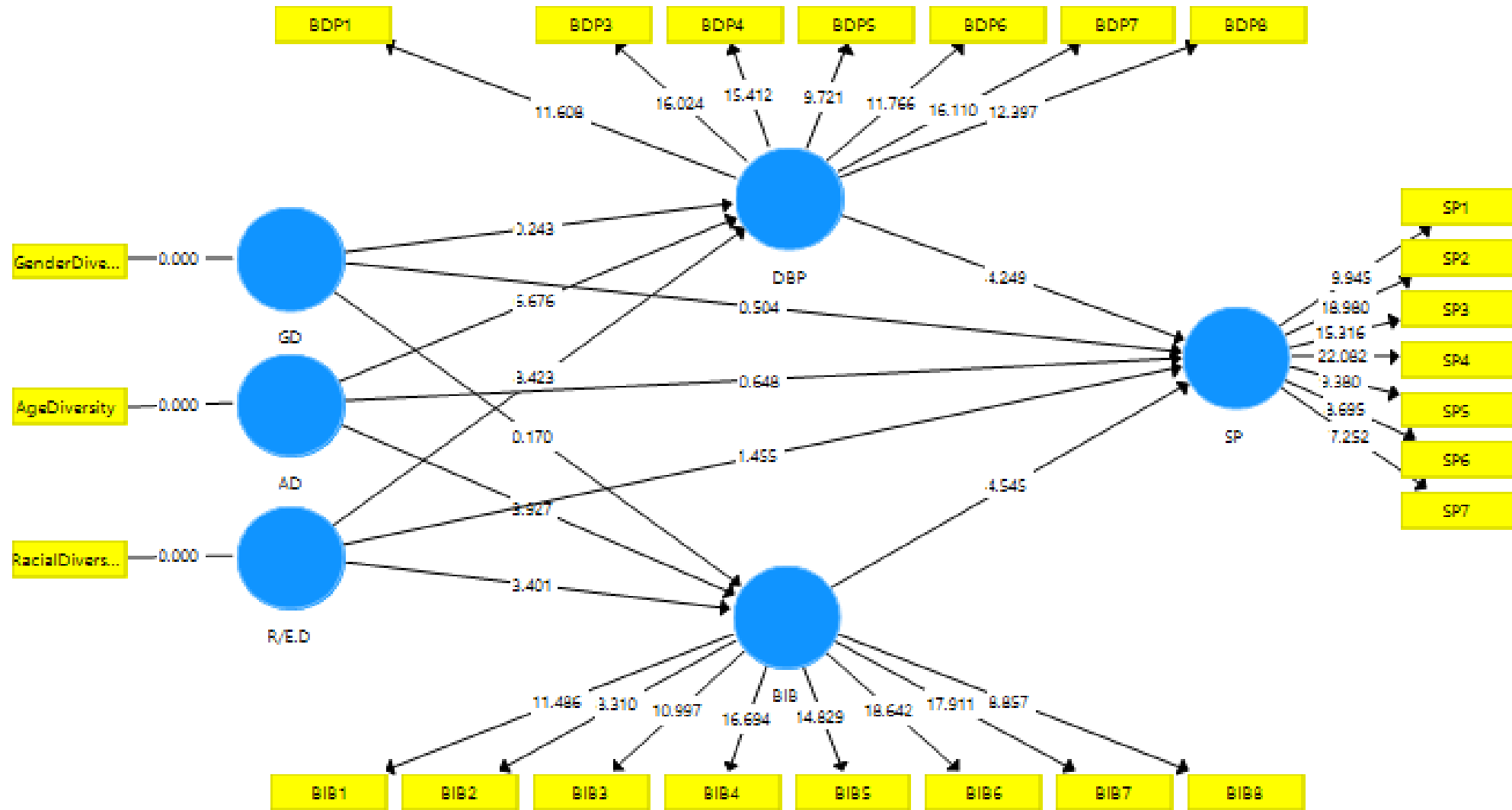


Figure 2: PLS-SEM “bootstrapping” (mediation analysis) – Study 2

- The research may be conducted in European countries and compare the study findings in different contexts to analyse the generalizability of the results
- Future avenues for this research are needed to examine other mediators or moderators that impact sustainable practices, for instance, Corporate governance (Hussain et al., 2018), Green HRM (Dumont et al., 2017) using mixed methods (Saleem et al., 2019).
- In future scholars also needs to identify the inclusive cultures and its components and nature using the qualitative method (see, e.g. Bernstein, et al., 2019) including antecedents, consequences and dynamics —would inform human resource specialists and board.

- **Limitations**

- The data was collected from Canada and Pakistani firms from the respondents, who were CEOs. So there are chances that CEOs have remained biased for self and firm's evaluation.

- **Future research**

- Researchers may gather information from minority board members who may not agree with the CEOs opinion.
- If the study sampled random NPOs, this might yield different insights. Another limitation is that when a survey method is adopted, respondents may feel self-conscious about providing accurate responses, and they may not be entirely truthful due to social desirability biases. This research could be strengthened by seeking alternative sources of information, such as clients, staff members or consumers.

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Thank You!



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