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Quality of Corporate Social Responsibility disclosure: Does Diversity in Boardroom Really Matter?

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Quality of Corporate Social Responsibility disclosure: Does Diversity in Boardroom Really Matter?

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Abstract
The main objective of the study was to examine the relationship that exists between board diversity and quality of corporate social responsibility disclosure (QCSRD) of listed firms in Tanzania. Specifically, the study was set to identify the effects of board's gender diversity, educational background as well as nationality diversity has on QCSRD of listed firms in Tanzania. The study adopted a descriptive research design. Comprised of thirteen (13) listed financial institutions in the Dar Es Salaam Stock Exchange (DSE). The study used secondary data and study variables were collected from audited financial reports and websites. The secondary data obtained in this study was analyzed using both descriptive and inferential analysis using Stata 15 software. The findings indicate that gender diversity and nationality diversity have no statistical significance toward QCSRD while education background diversity has statistical significance to the QCSRD. The study recommends promotion of educational background diversity in Corporate Governance (CG) framework and guidelines to enhance QCSRD. Educational diversity likely contributes a range of perspectives and expertise, leading to more comprehensive decision-making and enhanced ability to address various aspects of CSR. Moreover, recognizing the possibility of sample size limitations, the researcher conducted robustness checks through sensitivity analyses. Nevertheless, comparative studies between firms in various sectors and countries can help identify context-specific factors that influence the relationship between board diversity and QCSRD.

Keywords: *QCSRD, Gender diversity, Education background diversity, Nationality diversity, Tanzania*

1. Introduction

In today's competitive business environment, companies are increasingly adopting advanced corporate governance strategies to enhance their competitiveness, reputation, and overall performance (Macedo et al., 2015; Rocha et al., 2014; Parente et al., 2018; Ferrero-Ferrero et al., 2013; Taghizadeh & Saremi, 2013). A critical aspect of modern corporate governance is board diversity, which has gained prominence in recent years (Shehata, 2018; Butler, 2021). Board diversity encompasses various attributes such as ethnicity, nationality, age, educational background, and professional experience among board members. This diversity is believed to enrich the board's decision-making process by incorporating a wide range of perspectives and

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expertise, which is particularly valuable for CSRD. A diverse board is better positioned to understand and address the needs of a broad spectrum of stakeholders, resulting in more comprehensive and effective CSR disclosures (Harjoto et al., 2018).

Theoretical frameworks provide different perspectives on the impact of board diversity. Signaling theory posits that diverse boards signal a company's commitment to strong governance and ethical practices, enhancing its reputation and stakeholder trust (Ferrero-Ferrero et al., 2013). Resource Dependency Theory suggests that diverse boards provide access to a broader range of resources, including information, expertise, and networks, thereby improving the board's oversight of CSR activities (Taghizadeh & Saremi, 2013). Agency Theory highlights that diversity helps mitigate agency problems by representing a wider range of stakeholder interests and reducing managerial self-interest (Parente et al., 2018). In developing countries like Tanzania, CSR practices are influenced by unique historical, socio-political, economic, and cultural factors, which affect both implementation and disclosure (Jamali & Neville, 2011; Halkos & Skouloudis, 2016). These factors, including regulatory conditions, market dynamics, and cultural values, play a significant role in shaping CSR activities (Butler, 2021; Jamali et al., 2017). Despite the recognized benefits of board diversity for CSRD, challenges such as cultural and structural barriers and insufficient regulatory frameworks can impede effective implementation (Jamali & Neville, 2011).

This paper is organized into several sections. Section 1 introduces the study, outlining the significance of board diversity in relation to CSRD. Section 2 reviews the relevant literature and develops hypotheses, examining empirical evidence on the impact of board diversity on CSR practices. Section 3 details the methodology used for data collection and analysis. Section 4 presents the findings and discusses the results. Finally, Section 5 concludes with a summary of the study's insights and recommendations for enhancing CSR transparency and accountability through board diversity.

2. Literature Review and Hypotheses Formulation

The concept that board diversity impacts CSRD is deeply rooted in various theoretical perspectives, with signaling theory and resource dependency theory offering distinct viewpoints. Signaling Theory, introduced by Ross (1977), posits that diverse boards send positive signals to the market, reflecting a company's commitment to ethical governance and inclusivity. This theory suggests that the presence of diverse board members can enhance a company's reputation and stakeholder trust, as it demonstrates the firm's dedication to addressing a wide range of stakeholder interests. Conversely, Resource Dependency Theory, as articulated by Pfeffer and Salancik (1978), emphasizes that board diversity provides access to a broader array of resources, including information, expertise, and networks. This expanded resource base is believed to improve the board's effectiveness in overseeing CSR activities and enhancing CSRD practices.

Empirical research on board diversity and CSRD has produced varied results. For instance, Harjoto et al. (2018) observed that greater board diversity positively affects CSR performance by broadening the range of perspectives and expertise available for decision-making. In contrast, studies by Ferrero-Ferrero et al. (2013) indicated that while board diversity is associated with improved governance practices, its direct impact on QCSRD may be moderated by other factors such as regulatory environment and firm-specific characteristics. These mixed findings highlight the complexity of the relationship between board diversity and CSRD, suggesting that while diversity can enhance governance and disclosure practices, its effects are influenced by a range of contextual variables.

Guping et al. (2020) examined the effects of board gender diversity and reputational incentives of non-executive directors on CSR reporting in China, finding a positive correlation between gender diversity and the quality of CSR reporting. Similarly, Khan et al. (2019) investigated the impact of board diversity on the quality of corporate social responsibility disclosure (QCSRD) in Pakistan. Their regression analysis revealed that both gender and national diversity significantly contribute to enhancing QCSRD. Naveed et al. (2022) also assessed the influence of board gender diversity (BGD) on QCSRD among Chinese A-share listed firms from 2010 to 2019, highlighting a significant positive effect of BGD on QCSRD.

Afridi et al. (2020) further explored the relationship between board diversity and QCSRD, revealing that the impact of diversity on QCSRD varies by context. Their findings underscored that diversity in educational backgrounds positively affects QCSRD, suggesting that a range of educational experiences among board members can improve CSR reporting practices. Saeed et al. (2019) investigated how various dimensions of board diversity such as age, gender, nationality, ethnicity, educational level, educational background, and tenure affect QCSRD in Pakistan, analyzing data from 86 firms listed on the Pakistan Stock Exchange from 2010 to 2017. Their study, aligned with the resource-based view theory, found that nationality diversity serves as a valuable resource for enhancing QCSRD in Pakistani firms. Given these conflicting findings from previous empirical studies, the study developed and tested the following null hypotheses:

H_1: There is positive relationship between gender diversity and QCSRD of listed firms in Tanzania

H_2: There is positive relationship between educational background diversity and QCSRD of listed firms in Tanzania

H_3: There is positive relationship between nationality background and QCSRD of listed firms in Tanzania.

3. Methodology

The methodology section of the study includes the target population and sample size, sampling technique and criteria for sample selection, types of data and data sources, variable measurements, and model specifications.

This study took thirteen financial institutions listed in the DSE as the sample that represents the population. Financial institutions are subject to stringent regulatory requirements and oversight. These regulations often include mandates for transparency, accountability, and comprehensive reporting, including CSR activities. Therefore, financial institutions are more likely to have well-documented and accessible CSRD, providing rich data for analysis.

The study employed purposive sampling to select 13 listed firms within the financial services sector, a strategic choice aligned with the research objectives. Financial services firms are known for their robust CSR practices and disclosures, making them particularly relevant for examining the impact of board diversity on QCSRD. By deliberately selecting firms within this sector, the study ensures that the sample is highly pertinent and that the findings can offer valuable insights into the dynamics of CSR in a context where such practices are most prevalent. Additionally, purposive sampling allows the researcher to focus on a specific subset of firms that are expected to provide the most meaningful data for the study. This approach enhances the depth and relevance of the analysis, as it targets companies that are likely to exhibit the characteristics and behaviours being investigated, thereby enabling a more detailed exploration of the relationship between board diversity and CSR outcomes. This study used secondary data that were collected from audited financial statements as well as websites. Secondary data, particularly for listed financial institutions, is readily available and often of high quality. These institutions are required to disclose a significant amount of information as part of their regulatory obligations, ensuring that the data is both reliable and comprehensive. Additionally, audited financial reports are verified by independent third-party auditors, ensuring that the information presented is accurate and reliable.

The study used both independent and dependent variables, as outlined in Table 1. The dependent variable, QCSRD, is used to evaluate the extent, quality, and features of a company's CSR reporting. The QCSRD is measured using a disclosure index, with content analysis applied to assess this index (See Appendix 1). The independent variables of the study were Gender diversity (GEN) which was quantified using the Blau index for heterogeneity, with two categories: male and female. Educational background diversity (EDB) was determined using the Blau index for heterogeneity, considering three categories: PhD, Master's degree, or MBA and Bachelor's degree. Similarly, nationality diversity (NAT) is measured using the Blau index for heterogeneity, with two categories: foreign and local directors.

Table 1: Variable Measurement

Variable	Nature	Measurement	References
QCSRD	Dependent	CSRD Index	Saleh et al. (2011)
Board's Gender Diversity	Independent	The Blau Index on the proportion of female on the board of directors	Issa et al. (2011)
Board's Nationality Diversity	Independent	The Blau Index on the proportion of foreigners on the board of directors	Issa et al. (2011)
Board's Educational Background Diversity	Independent	The Blau Index on the proportion of board members with PhD or Masters on the board of directors	Issa et al. (2011)
Board Size	Control	Natural Logarithm of number of board members	Issa et al. (2011)

To further assess the heteroscedasticity identified by the Breusch-Pagan test, the Hausman test was conducted. The Breusch-Pagan test suggested that a random effects model might be more appropriate than pooled OLS, indicating the presence of unobserved heterogeneity that needs to be accounted for. However, the Hausman test results indicated that the fixed effects model is preferable to the random effects model. This preference is due to the observed correlation between firm-specific effects and the independent variables. Consequently, the fixed effects model was chosen for this study. This model effectively controls for unobserved firm-specific characteristics, providing a more accurate evaluation of the impact of board diversity on QCSRD. The fixed effect model of the study was;

$QCSRD_{it}$ = □□□□□□□ $GEN_{it} + \alpha_2 EDB_{it} + \alpha_3 NAT_{it} + \alpha_4 SIZ_{it} + \mu_{it}$

Where $QCSRD_{it}$ is the quality of CSR disclosure at a certain point in time t, α_0 is the intercept, $\alpha_1 - \alpha_4$ are the coefficients parameters, GEN_{it} is gender diversity of the board at time t, EDB_{it} is educational background of the board at time t, NAT_{it} is nationality diversity of the board at time t, and SIZ_{it} is size of the board at time t.

On the other hand, the study conducted a robust test to establish the stability of the fixed effects model in explaining the relationships between the dependent and independent variables by using an alternative measure of CSRD as the dependent variable. The disclosure indexes were constructed by manually extracting CSR information, specifically social and environmental disclosures, from the annual and CSR/sustainability reports of the sampled companies.

4. Results and Discussion of Results

The descriptive statistics reveal important insights about the characteristics of the listed firms. Starting with gender diversity, the average proportion of male board members is approximately 71.17%, indicating that most firms have a significant presence of men on their boards. The standard deviation of about 18.68% suggests a moderate variation in this proportion across firms, with the lowest observed proportion being around 37.06% and the highest reaching nearly 97.53%. While there might be arguments in favor of focusing solely on merit and industry specific norms, having fewer female board members is generally considered as a negative aspect in the context of modern governance practices. In Tanzania, the disparity in board diversity can be attributed to a combination of traditional practices, economic pressures, lack of regulatory support, limited educational and professional development opportunities for women, and societal expectations. Our results conform with that of Terjesen et al. (2009) who underscores the global trend of male-dominated boards, particularly in developing economies, where gender diversity initiatives are less advanced. Additionally, Adams and Ferreira (2009) noted that despite that many boards still have a high proportion of men, particularly in industries where male leadership has been the norm for decades, the boards with a higher proportion of women tend to perform better in terms of governance. Regarding the educational background of board members, the average proportion with advanced education is about 77.45%. There is a moderate variation here as well, with a standard deviation of 24.50%. The lowest proportion of highly educated board members in any firm is approximately 23.44%, while some firms have board members with a high educational background entirely. Principally, having a high proportion of board members with advanced education is generally beneficial for governance and performance. However, it’s important to balance this with diverse educational experiences to avoid potential downsides such as groupthink and lack of varied perspectives. Our findings are similar to that of Chams and García-Blandón (2019), the variability in the educational background of board members can be attributed to several factors. Industry requirements often play a significant role, with sectors demanding specialized or technical knowledge favoring board members with advanced degrees.

The average board size across the firms is approximately 9.52 members, with a standard deviation of 1.66 members. This indicates that while most boards have around 9 to 10 members, there are variations with the smallest board having 7 members and the largest 13 members. Board size matters in the essence of decision-making efficiency, the diversity of perspectives, governance quality, expertise, board dynamics, and compliance with regulatory standards. Our findings are similar to that of Jenter et al. (2023) that an optimal board size typically balances efficiency in decision-making with diverse perspectives and effective governance. Both excessively small and excessively large boards face challenges that can affect their performance. Small boards may lack diversity, while large boards might struggle with coordination and decision-making efficiency.

The CSR disclosure index, which assesses the extent of CSR activities reported by firms, shows an average score of 1.455. This average indicates a moderate level of CSRD among the firms studied. The standard deviation of 0.495 reflects variability in CSR reporting practices, suggesting that while some firms exhibit relatively high levels of CSRD, others report less comprehensively. The lowest index score recorded is 0.72, representing relatively low CSRD, whereas the highest score is 2.35, indicating more extensive CSR reporting. This range highlights significant differences in how firms’ approach and report their CSR activities. Our findings are contrasting to that of Handoyo (2020) that the belief that stricter regulations lead to higher CSR disclosure scores, in some emerging markets, stringent regulations did not always result in more detailed or comprehensive CSR reporting. This discrepancy suggests that enforcement and compliance mechanisms may be more crucial than the regulations themselves. Abu Qa'dan and Suwaidan (2019) posits that contrary to expectations that diverse and experienced boards lead to higher CSR disclosure scores, there was no consistent relationship in the data. In some cases, boards with high diversity or advanced education levels did not necessarily result in better CSR reporting, suggesting that board characteristics alone may not be sufficient to drive comprehensive CSRD. The results can be shown on table 2 below;

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Gender	13	0.7117	0.1868	0.3706	0.9753
Nationality	13	0.7372	0.3956	0.0000	1.0000
Educational Background	13	0.7745	0.2449	0.2343	1.0000
Board Size	13	9.5231	1.6624	7.2000	13.2000
QCSRD	13	1.4554	0.4947	0.7200	2.3500

To assess the impact of board diversity on the QCSRD, a regression analysis was conducted using gender diversity, nationality diversity, and educational background diversity as the independent variables. The analysis aimed to quantify the extent to which these diversity factors influence QCSRD among firms listed on the DSE. The study highlights an R-squared value of 0.9297 at a confidence interval of 95% indicating that approximately 92.97% of the variance in QCSRD is explained by the three independent variables in the model. This high R-squared value suggests that the model fits the data exceptionally well and that the diversity factors that are gender diversity, nationality diversity, and educational background diversity are strong predictors of QCSRD. The F-statistic of 44.09 is used to test the overall significance of the regression model by comparing the model's fit to that of a model with no independent variables. The F-statistic value of 44.09 indicates that the variation explained by the model is significantly greater than what would be expected by chance, affirming the relevance of the independent variables in predicting QCSRD. The results can be shown on table 2 below;

Table 3: Regression analysis results

Number of Obs	**F (1,11)**	**Prob>F**	**R-Squared**	**Adj. R-Squared**	**Root MSE**	
13	37.83	0.0000	0.9190	0.8947	0.3259	
CSRD Index	**Coef.**	**Std. Error**	**t**	**P > |t|**	**[95% Conf. Interval]**	
Gender	0.2049	0.6652	0.31	0.764	-1.2773	1.6871
Nationality	0.2408	0.3229	0.75	0.473	-0.4787	0.9602
Educational Background	1.6269	0.4886	3.33	0.008	0.5381	2.7156

According to the regression results shown on table 3, the factor examining the relationship between gender diversity and QCSRD shows a beta coefficient of 0.2049 and a p-value of 0.763. This suggests a positive relationship, indicating that as gender diversity increases, QCSRD may also improve. However, the magnitude of this effect is modest. The p-value of 0.763 is significantly higher than conventional significance levels (e.g., 0.01, 0.05, or 0.10), indicating that the effect of gender diversity on QCSRD is not statistically significant.

Signaling theory suggests that firms use specific actions or characteristics, such as board diversity, to signal positive attributes to the market and stakeholders. However, the findings of this study reject this theory, as they do not show that diverse boards effectively signal good governance practices that enhance a firm's reputation and credibility (Bear et al., 2020). Similarly, RDT posits that organizations gain access to essential resources and insights through diverse boards, leading to improved decision-making and strategic outcomes. Contrary to this theory, the study's findings contradict with the idea that board diversity contributes to broader perspectives and better CSR strategies (Hillman et al., 2020). Agency theory addresses the conflicts between managers and shareholders, suggesting that diverse boards enhance oversight and reduce agency costs. However, the findings of our study reject this theory either, as they do not indicate that diverse boards effectively improve monitoring or ensure that CSR activities align with shareholder interests (Carter et al., 2020). Our findings reject the applicability of signaling theory, Resource Dependency Theory, and Agency Theory in the context of board diversity and CSR disclosure. None of these theories were supported by the empirical evidence from this research, suggesting that other factors may be at play in determining the effectiveness of board diversity in enhancing

CSR practices. Moreover, the hypothesis that proposed a positive relationship between gender diversity and QCSRD was rejected by the regression results.

H_1: There is positive relationship between gender diversity and QCSRD of listed firms in Tanzania

The factor examining the relationship between nationality diversity and QCSRD shows a beta coefficient of 0.2408 and a p-value of 0.473. The positive beta coefficient suggests a slight positive relationship, indicating that boards with members from diverse national backgrounds might contribute positively to the quality of CSR reporting. However, the effect size is relatively small, and the p-value of 0.473 is well above conventional significance thresholds (e.g., 0.01, 0.05, or 0.10). This indicates that the effect of nationality diversity on QCSRD is not statistically significant. These findings imply that within the context of this study, there is no strong evidence to conclude that nationality diversity on the board significantly influences the quality of CSR disclosures. In the Tanzanian context, nationality diversity might not play as significant a role in shaping CSR practices compared to more internationally-oriented markets or firms. The relatively homogenous business environment may limit the impact of varying national perspectives on CSR practices. Our findings contradict with that of Khan, Khan et al. (2021) who examined the influence of board diversity on QCSRD and propose that this relationship is patterned differently in different contexts and nations, due to their distinctive characteristics. Their findings indicate that age, gender, educational level, and educational background diversities positively influence QCSRD.

Agency theory deals with conflicts between managers and shareholders, suggesting that diverse boards enhance oversight and reduce agency costs. However, the findings of the study contradict this theory, indicating that boards with a mix of educational backgrounds may offer more robust oversight and ensure that CSR activities align with shareholders' interests (Carter et al., 2020). Boards with diverse educational backgrounds bring a variety of insights and problem-solving approaches, contributing to more effective CSR strategies (Hillman et al., 2020). Signaling theory suggests that firms use certain characteristics, such as board diversity, to signal positive attributes to stakeholders. The findings of the study, however, oppose this theory, showing that diverse boards do not necessarily signal better governance or enhance the firm’s reputation in the manner signaling theory would predict. Essentially, the findings of the study reject the applicability of both Agency Theory and Signaling Theory in the context of board diversity and CSRD. While diverse educational backgrounds on boards may contribute to better oversight and CSR strategies, the overall evidence does not support these theories as explanations for the impact of board diversity on CSR practices. Besides, the hypothesis that proposed a positive relationship between nationality diversity and QCSRD was rejected by the regression results.

H_2: There is positive relationship between educational background diversity and QCSRD of listed firms in Tanzania

These results imply that as the diversity of educational backgrounds among board members increases, the quality of CSR disclosures tends to improve significantly. Educational diversity likely contributes a range of perspectives and expertise, leading to more comprehensive decision-making and enhanced ability to address various aspects of CSR. This, in turn, results in higher-quality disclosures. Our results align with those of Khan, Khan et al. (2021), who investigated the influence of board diversity on QCSRD. Their study suggests that the relationship between board diversity and QCSRD can vary across different contexts and nations due to unique characteristics. Their research, like ours, indicates that age, gender, educational level, and educational background diversities positively influence QCSRD, reflecting the importance of diverse board composition in improving CSR practices.

Agency theory addresses conflicts between managers and shareholders, suggesting that diverse boards enhance oversight and reduce agency costs. The study's findings support this theory, showing a positive and significant impact of educational background diversity on the quality of CSR disclosure (CSRD). Boards with a mix of educational backgrounds are found to offer more robust oversight and ensure that CSR activities align with shareholders' interests (Carter et al., 2020). The significant positive relationship between educational background diversity and CSR disclosure quality highlights that diverse educational backgrounds contribute to more effective CSR strategies by bringing varied insights and problem-solving approaches (Hillman et al., 2020). Signaling theory posits that firms use characteristics such as board diversity to signal positive attributes to stakeholders. The finding that educational background diversity has a positive and significant relationship with the quality of CSR disclosure supports this theory. Diverse educational backgrounds on the board can signal to stakeholders that the firm values a broad range of knowledge and expertise, thereby enhancing its reputation and credibility (Bear et al., 2020).

Principally, the findings of our study accept both Agency Theory and Signaling Theory in the context of board diversity and CSR disclosure. The positive impact of educational background diversity on CSR disclosure quality aligns with the predictions of these theories, indicating that diverse educational backgrounds enhance oversight and signal positive attributes to stakeholders. Additionally, the hypothesis suggesting a positive relationship between educational background diversity and QCSRD was accepted by the regression analysis.

H_3: There is positive relationship between nationality background and QCSRD of listed firms in Tanzania.

To establish the robustness of the original model results, the study conducted robust tests by examining how changes in the input parameters or assumptions affect the study's outcomes. To achieve this, the independent variables were tested using an alternative measure of CSR disclosure as the dependent variable. The disclosure indexes were constructed by manually extracting CSR information, specifically social and environmental disclosures, from the annual and CSR/sustainability reports of the sampled companies. The findings presented in table 4 shows that the robust regression results are consistent with the initial findings, confirming the reliability of the model. The minor changes in the F-statistic, R-squared, and adjusted R-squared values are typical when applying robust regression techniques, which are designed to provide more reliable estimates by controlling for potential issues such as heteroscedasticity or outliers.

Table 4: Robust Test Results

Number of Obs	**F (1,11)**	**Prob>F**	**R-Squared**	**Adj. R-Squared**	**Root MSE**	
13	44.09	0.0000	0.9297	0.9086	0.5054	
CSRD Index	**Coef.**	**Std. Error**	**t**	**P > |t|**	**[95% Conf. Interval]**	
Gender	0.4338	0.4291	1.01	0.336	-0.5222	1.3898
Nationality	0.0987	0.2083	0.47	0.646	-0.3653	0.5627

Educational Background	0.7338	0.3152	2.33	0.042	0.0316	1.436

5 Conclusions, Implications and Recommendations

In today's business landscape, CSR has become an essential component of organizational strategy, signifying a commitment to ethical behavior, environmental sustainability, and social accountability. The QCSRD acts as a vital resource for stakeholders, offering insights into a company’s social and environmental impacts while enhancing transparency. This study explored the connection between board diversity and QCSRD within Tanzanian listed companies. It examines a sample of thirteen (13) financial institutions listed on the DSE, analyzing their audited financial reports from 2018 to 2022. The findings indicate that gender diversity and nationality diversity have no statistical significance toward QCSRD while education background diversity has statistical significance to the QCSRD. The study recommends promotion of educational background diversity in Corporate Governance (CG) framework and guidelines to enhance QCSRD. Educational diversity likely contributes a range of perspectives and expertise, leading to more comprehensive decision-making and enhanced ability to address various aspects of CSR.

The study's findings indicate that while gender and nationality diversity on boards are not significant in improving QCSRD, the educational background diversity of board members plays a crucial role. This suggests that policymakers should prioritize educational qualifications when setting guidelines for board composition. Companies should be encouraged to appoint board members with varied educational expertise, particularly in areas relevant to CSR. Additionally, existing diversity policies may need to be reassessed to focus more on educational diversity, which has a more direct impact on effective CSR governance. The results of the study have significant implications for existing theories on board diversity and CSR disclosure. Resource Dependency Theory is supported by the finding that educational background diversity enhances board effectiveness, emphasizing the need to focus on the quality of resources brought by board members. However, Signaling Theory may require reevaluation, as gender and nationality diversity did not significantly influence QCSRD, suggesting that not all forms of diversity are equally effective as signals. Agency Theory is reinforced by the significance of educational diversity, highlighting its role in enhancing board oversight and reducing information asymmetry in CSR practices.

The study recommends to enhance the understanding and implementation of board diversity and its positive impact on CSRD, benefiting regulators, policymakers, firms, and the academic community as follows;

BRELA could collaborate with the CMSA to enact legislation requiring firms to disclose detailed information on the composition of their boards, including metrics on gender, ethnicity, age, and professional background. Another key step is to develop and enforce standardized guidelines for CSR reporting. NBAA could collaborate with the CMSA to develop and enforce a standardized framework for CSR reporting, ensuring that all firms disclose relevant and comparable CSR information in their financial statements. Furthermore, establishing a dedicated regulatory body or enhancing existing ones to monitor compliance with diversity and CSRD regulations is crucial. Encouraging collaboration between government agencies, NGOs, and private sector companies can create a supportive ecosystem for promoting board diversity and effective CSR. Such collaborations can facilitate the sharing of best practices and resources, leveraging the strengths of different sectors to drive diversity and CSR initiatives.

Management should adopt formal policies and goals for board diversity. This involves setting clear objectives for achieving a mix of genders, ethnicities, ages, and professional backgrounds on the board. Enhancing recruitment processes to actively seek out diverse candidates is another important step. This can involve developing partnerships with organizations that focus on diversity, such as professional networks and advocacy groups. Improving CSR practices by regularly reviewing and enhancing CSR policies to reflect the diverse perspectives of the board is also crucial. Researchers should expand the scope of their studies to include longitudinal research that examines the long-term impact of board diversity on CSRD and overall firm performance. Exploring the effects of board diversity on CSRD across different industries and geographical regions can also yield important insights. Comparative studies between firms in various sectors and countries can help identify context-specific factors that influence the relationship between board diversity and CSR quality. Examining the intersectionality of different aspects of diversity, such as gender, ethnicity, and age, is another critical area for research. Understanding how these factors intersect and collectively influence CSRD can provide a nuanced view of diversity dynamics and their impact on CSR practices. Investigating the mechanisms through which board diversity impacts CSR quality is essential. Researchers should study the specific pathways through which diversity influences CSR, such as through decision-making processes and stakeholder engagement. Case studies and qualitative research on board meetings and decision-making processes can offer valuable insights.

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