TURUN YLIOPISTO
UNIVERSITY OF TURKU

MOTIVATING BOARDS FOR SUSTAINABILITY: THE ROLE OF MEMBER´S MOTIVATION AND DIVERSITY IN BOARD SOCIAL RESPONSIBILITY

Klaus Breitholtz

TURUN YLIOPISTON JULKAISUJA – ANNALES UNIVERSITATIS TURKUENSIS
SARJA – SER. F OSA – TOM. 47 | TECHNICA – INFORMATICA | TURKU 2024

TURUN YLIOPISTO
UNIVERSITY OF TURKU

MOTIVATING BOARDS FOR SUSTAINABILITY: THE ROLE OF MEMBER´S MOTIVATION AND DIVERSITY IN BOARD SOCIAL RESPONSIBILITY

Klaus Breitholtz

TURUN YLIOPISTON JULKAISUJA – ANNALES UNIVERSITATIS TURKUENSIS
SARJA - SER. F OSA – TOM. 47 | TECHNICA - INFORMATICA | TURKU 2024

University of Turku

Faculty of Technology
Department of Mechanical and Materials Engineering
Industrial Engineering and Management
Doctoral Programme in Technology

Supervised by

Professor Saku Mäkinen
Faculty of Technology
University of Turku
Turku, Finland

Professor of Practice Jorma Turunen
Faculty of Technology
University of Turku
Turku, Finland

Reviewed by

Professor Camélia Radu
Department of Accounting Sciences
Université du Québec à Montréal
Quebec, Canada

Associate Professor Nikolaus Kavadis
Department of Accounting
Copenhagen Business School
Copenhagen, Denmark

Opponent

Associate Professor Emilia Vähämaa
Department of Finance and Economics
Hanken School of Economics
Vaasa, Finland

The originality of this publication has been checked in accordance with the University of Turku quality assurance system using the Turnitin Originality Check service.

Cover Image: Mikko Ovaska

ISBN 978-951-29-9914-9 (PRINT)
ISBN 978-951-29-9915-6 (PDF)
ISSN 2736-9390 (Painettu/Print)
ISSN 2736-9684 (Sähköinen/Online)
Painosalama, Turku, Finland 2024

To my family, to inspire them to educate themselves, be curious and always be eager to discover something new.

UNIVERSITY OF TURKU
Faculty of Technology
Department of Mechanical and Materials Engineering
Industrial Engineering and Management
KLAUS BREITHOLTZ: Motivating Boards for Sustainability: The Role of Member´s Motivation and Diversity in Board Social Responsibility
Doctoral Dissertation, 182 pp.
Doctoral Programme in Technology (DPT)
October 2024

ABSTRACT

This study examines two key constructs: motivation of individual board member and board-level sustainability in corporations. Board of directors often comprise experienced business professionals who join boards in later stages of their careers and as a part time job, even though board's role in corporations' corporate governance is very important. It is therefore interesting to understand what motivates board member to serve on boards and why they are willing to assume significant personal liabilities for their roles.

In addition, companies are increasingly interested in enhancing and leading their corporate social responsibility (CSR) efforts. CSR is an outcome of long-term sustainability activities, and companies are struggling with how to effectively lead in this area. Furthermore, the multitude of ways to measure CSR has led to the development of corporate social performance (CSP) indicators. While previous studies have predominantly examined CSR at the organisational level, this study focuses on board-level responsibility, introducing the terms "board social responsibility" (BSR) and "board social performance" (BSP). Furthermore, this study examines the impact of individual board member motivation and board diversity on BSP.

As the primary decision-making body responsible for setting a company's strategy, supporting, and overseeing its management, the board of directors plays a significant role in corporate governance and the development of CSR. This shift in focus from the organizational level to the board level makes this research unique. It is anticipated that enhancing BSR and BSP will precede the development of CSR and CSP. By evaluating the responsibilities of the board, company owners and stakeholders may anticipate the future direction of CSR. It is expected that BSP improves before CSP can progress, given the crucial role of the board in corporate governance and strategic level decision-making.

This research aims to address several key questions. Firstly, it seeks to ascertain how individual board members are motivated to serve on boards. Secondly, it examines the influence of board diversity on BSP. Thirdly, it considers whether BSP contributes to the financial growth of companies. Based on previous studies, six hypotheses have been formulated to address these questions. The practical objective of the study is to identify what motivates board members to give their best for the corporation.

This is an explanatory and positivist study utilising a survey questionnaire. A survey was conducted with 115 board members, covering demographic variables of the selected companies, boards, and board members. Variables related to motivation, aspirations, and board members' interest in sustainability were also examined. Quantitative data were analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with Smart PLS 4 software.

The statistical analysis revealed that board members' motivation is influenced by their desire for achievement and the opportunity to utilise their full potential. The financial motivations and intentions of individual board members did not significantly affect their motivation. Instead, the desire to leverage skills and expertise to drive company development was crucial. Board diversity, which includes increased female representation, more independent board members, and larger board sizes, positively influenced BSP. However, no direct relationship was found between BSP and company financial growth, as expected due to the delay in BSP's impact on CSP and subsequently on financial performance. With regard to moderating variables, the study found that board member age and institutional ownership in the company were positively associated with BSP.

This study establishes a foundation for further research into board-level sustainability, with a particular focus on the context of sustainable governance and reporting in Finland. Future research could examine motivation factors in greater depth and investigate tools and methods to influence individual board members' motivation. Longitudinal studies could provide further insights into the relationship between BSP and company financial performance over time, as well as the connection between BSP and CSP.

KEYWORDS: Board of Directors, Board diversity, Board member motivation, Board social performance, Board social responsibility, Board work, Board's role

TURUN YLIOPISTO
Teknillinen tiedekunta
Kone- ja materiaalitekniikan laitos
Tuotantotalous
Klaus Breitholtz: Hallituksen motivaatio vastuullisuuteen: hallituksen jäsenen motivaatio ja diversiteetin rooli hallituksen sosiaalisessa vastuullisuudessa
Väitöskirja, 182 s.
Teknologian tohtoriohjelma (DPT)
Lokakuu 2024

TIIVISTELMÄ

Tässä tutkimuksessa tarkastellaan kahta keskeistä konstruktiota yhtiön päätöksenteossa: yksittäisen hallituksen jäsenen motivaatiota ja yhtiön hallitustason sosiaalista vastuullisuutta. Hallitukset koostuvat usein kokeneista liike-elämän ammattilaisista. He ovat usein mukana lukuisissa hallituksissa yhtä aikaa. Onkin mielenkiintoista ymmärtää, mikä motivoi kokeneita osaajia toimimaan hallituksissa ja miksi he ovat valmiita ottamaan merkittäviä henkilökohtaisia vastuita työskennellessään hallituksissa.

Yritykset ovat entistä kiinnostuneempia kehittämään ja johtamaan vastuullisuutta koskevia toimiaan. Yritysten vastuullisuus on pitkän aikavälin toiminnan tulos. Yritykset kamppailevat sen kanssa, että miten johtaa ja kehittää vastuullisuuttaan eteenpäin. Lisäksi yritysten vastuullisuuden mittaamisen monet tavat ovat johtaneet yritysten sosiaalisen vastuullisuuden erilaisten indikaattoreiden kehittämiseen. Aiemmissa tutkimuksissa on tarkasteltu yritysten vastuullisuutta pääasiassa organisaatiotasolla, mutta tässä tutkimuksessa keskitytään hallituksen tasolla tapahtuvaan vastuullisuuteen ja esitellään termit "hallituksen sosiaalinen vastuullisuus" (BSR) ja "hallituksen sosiaalinen suorituskyky" (BSP). Lisäksi tässä tutkimuksessa tarkastellaan yksittäisten hallituksen jäsenten motivaation ja hallituksen monimuotoisuuden vaikutusta hallituksen sosiaaliseen suorituskykyyn.

Hallitus on yrityksen tärkein päätöksentekoelin, joka vastaa yrityksen strategian hyväksymisestä, lainmukaisuudesta sekä tukee että valvoo yhtiön johtoa. Hallituksella on merkittävä rooli yritysten hallinnoinnissa ja yritysten vastuullisuuden kehittämisessä. Tämä tarkastelun painopisteen siirtyminen organisaatiotasolta hallituksen tiimitasolle tekee tästä tutkimuksesta ainutlaatuisen. On odotettavissa, että BSR:n ja BSP:n paraneminen tapahtuu ennen kuin yritystason vastuullisuus voi parantua, koska hallituksella on ratkaiseva rooli yritysten kehittämisessä pitkällä aikavälillä. Arvioimalla hallituksen vastuullisuutta yritysten omistajat ja sidosryhmät voivat ennakoida yritysten vastuullisuuden tulevaa suuntaa.

Tämän tutkimuksen tavoitteena on vastata seuraaviin keskeisiin kysymyksiin: Ensinnäkin pyritään selvittämään mikä motivoi yksittäistä hallituksen jäsentä toimimaan hallituksessa. Toiseksi tarkastellaan hallituksen monimuotoisuuden vaikutusta BSP:hen. Kolmanneksi tarkastellaan, edistääkö BSP yritysten taloudellista kasvua. Aiempien tutkimusten perusteella on muotoiltu kuusi hypoteesia näiden kysymysten käsittelemiseksi. Tutkimuksen käytännön tavoitteena on selvittää, mikä motivoi yhtiön hallituksen jäseniä antamaan parhaansa yhtiön hyväksi. Tavoitteena on tunnistaa tekijöitä, joiden avulla hallitusten jäsenten motivaatiota saadaan kehitettyä.

Kyseessä on selittävä ja positivistinen tutkimus, joka toteutettiin kyselytutkimuksena. Kyselytutkimukseen saatiin 115 hyväksyttyä vastausta hallituksen jäseniltä. Kyselyssä tarkasteltiin yritysten, hallitusten ja hallituksen jäsenten demografisia muuttujia. Lisäksi tutkittiin muuttujia, jotka liittyvät hallituksen jäsenen motivaatioon, tavoitteisiin ja hallituksen jäsenten kiinnostukseen vastuullisuutta kohtaan. Kerätty data analysoitiin käyttämällä PLS-SEM menetelmää Smart PLS 4 -ohjelmiston avulla.

Tilastollinen analyysi osoitti, että hallituksen jäsenten motivaatioon vaikuttavat heidän halunsa saavuttaa tuloksia ja mahdollisuus hyödyntää koko potentiaaliaan sekä osaamistaan. Yksittäisten hallituksen jäsenten taloudelliset motiivit ja taloudelliset aikomukset eivät vaikuttaneet merkittävästi heidän motivaatioonsa. Sen sijaan halu hyödyntää omaa osaamistaan ja asiantuntemusta yrityksen kehityksen edistämiseksi oli ratkaiseva motivaatiotekijä. Hallituksen monimuotoisuus, kuten naisten osuus hallituksessa, riippumattomien hallituksen jäsenten määrän lisääntyminen ja hallituksen koon kasvattaminen, vaikutti myönteisesti BSP:hen. BSP:n ja yrityksen taloudellisen kasvun välillä ei kuitenkaan havaittu suoraa yhteyttä. Tähän yhtenä syynä voi olla, että BSP:n vaikutus yritysten vastuullisuuteen ja sen jälkeen yrityksen taloudelliseen suorituskykyyn vaikuttaa viiveellä. Tutkimuksessa havaittiin, että hallituksen jäsenten ikä ja yhtiön institutionaalinen omistus olivat positiivisessa yhteydessä BSP:n paranemiseen.

Tämä tutkimus luo perustan hallitustason vastuullisuutta koskevalle jatkotutkimukselle, jossa keskitytään erityisesti kestävään hallintotapaan ja raportointiin Suomessa. Tulevissa tutkimuksissa voitaisiin tarkastella motivaatiotekijöitä perusteellisemmin sekä tutkia välineitä ja menetelmiä, joilla voidaan kehittää yksittäisten hallituksen jäsenten motivaatiota. Hallituksen johtaminen on tärkeä aihe, jota on tutkittu suhteellisen vähän. Pidemmän ajan tutkimuksessa voitaisiin puolestaan tarkastella BSP:n ja yrityksen taloudellisen tuloksen välisestä suhteesta ajan yli sekä tutkia BSP:n ja yritystason vastuullisen suorituskyvyn eli CSP:n välistä riippuvuutta.

AVAINSANAT: Hallitus, Hallitustyö, Hallituksen diversiteetti, Hallituksen johtaminen, Hallituksen jäsenen motivaatio, Hallituksen rooli, Hallituksen vastuullisuus, Sosiaalinen vastuullisuus, Kestävä kasvu

Acknowledgements

This dissertation project has been a fascinating journey. Over the past three years, it has consistently offered me engaging challenges alongside my other duties. The dissertation has not only opened doors to a professional career in the boardroom but has also deepened my understanding that, even at the top of the corporate hierarchy, people and their individual behaviors are what matter the most.

During my 12 years in the biotech business, I have closely followed academic research and work, interacting primarily with clients, collaborators, and employees who have extensive academic backgrounds. Their passion for their work often inspired me, and I wondered if I could ever find such passion myself. Fortunately, I discovered this passion after being in the boards.

The idea for this dissertation emerged from a discussion with my business partner, Antti, about how we could ensure that our company would receive the best possible attention and effort from experienced board experts, who were also active in several other companies. This sparked my curiosity about what a company owner or chairperson could do to ensure that their company remains a priority for board members, especially when unable to offer the highest compensation or the fanciest dinners at board meetings.

The dissertation project was conducted alongside my normal working life. Concurrently, I have served as the Chief Financial Officer at Genevia Technologies Oy. Also alongside I served as the Executive Director, novadays as chairperson of the board, in the young board professionals' network, Future Board. Additionally, during the thesis project, I was elected to the board of the Board Partners Association (Hallituspartnerit Ry) as the youngest member in its 20-year history. I have also held the position of Vice President in Finland's largest Junior Chamber International club, JCI Tammerkoski.

The PhD-project began with the first research plan writing in Finnish national park Koli, during the Easter holidays of 2021. From the summer of 2021 until the summer of 2022, my focus was on studying and reading articles related to the topic. The actual writing part of the literature section, focusing on the literature review and deepening understanding of the topic, occurred from autumn 2022 until late summer 2023. The research survey was prepared, and data were collected during the winter of 2022-2023, with results analyzed after completing the literature review in autumn 2023. The spring and summer of 2024 was devoted to finalizing the thesis and refining the overall package.

I would like to express my gratitude to my thesis supervisors, Professor Saku Mäkinen and Professor of practice Jorma Turunen, who skillfully helped me blend scientific and practical approaches and supported me throughout. Both of your positive feedback and even philosophical discussions were incredibly valuable. Saku's long academic background provided important learnings what is relevant from the thesis point of view. Jorma other hand had a fresh experience from PhD-research point of view. You were able to give highly valuable hints how to get forward. Luckily, with Jorma we have got an opportunity to continue working together also in the boardroom.

Appreciative thanks for thesis official reviewers Professor Camélia Radu and assistant professor Nikolaos Kavadis. Your valuable comments and feedback helped to make the thesis completed package and focus the content even more.

I am also thankful to Ulla Saari and Harri Terho for their assistance in understanding the PLS-SEM results. Special thanks to my peer, Reetta Keränen, for sharing the ups and downs of PhD-thesis process — it has been immensely comforting to share this journey with someone who understands exactly what it entails. Also our book club members Tero Ylönen, Aleksis Nokso-Koivisto and Tero Rinne receive extra thanks for asking difficult questions within the process.

Thank you goes to my colleagues at Genevia and Future Board for their flexibility and understanding that the dissertation project sometimes demanded dedicated time. I am also grateful to Hallituspartnerit for their keen interest in my work and assistance in collecting survey material for this project. Appreciation is also due to the Federation of Finnish Enterprises, the Finnish Family Business Association, and Boardman for distributing the survey among your members.

Liikesivistysrahasto deserves special mention for their significant support of my dissertation studies with a 12-month grant. Without their help, this project would have taken much longer.

At the end naturally big thanks for support and encouragement for my family, brother Per-Erik, dad Juha and mom Gunilla. You have had an important role supporting through the PhD-project

Last but not least, I extend my deepest thanks to my dear wife, Maikki, who joined me in marriage during this endeavor. As this dissertation project concludes, we look forward to embarking on new challenges and changes together as a parents of fresh baby girl, Elise.

21.10.2024

Klaus Breitholtz

KLAUS BREITHOLTZ

(b. 1989), Master of Science (Industrial Engineering) and Master of Science (International Management), is a researcher at the University of Turku, focusing on boards of directors. He is a business professional with extensive board experience in both the private and third sectors (Chairperson of Future Board, Board Member of Hallituspartnerit). In addition, he has a strong practical business background, having served as both an entrepreneur and Chief Financial Officer in a startup company. His research primarily explores the effective leadership of board teams to maximize benefits for companies and their owners. Additionally, he is a certified ISIA ski instructor with international credentials.

Table of Contents

Abbreviations

BSR	Board's Social Responsibility
BSP	Board's Social Performance
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
CFP	Corporate Financial Performance
ESG	Environmental, Social, Governance
IPO	Initial Public Offering
NFI	Normalized Fit Index
TMT	Top Management Team
PCA	Principal Component Analysis
PLS	Partial Least Squares
PLS-SEM	Partial Least Squares Structural Equation Modeling
SRMR	Standardized Root Mean Square Residual
ROA	Return on Assets

1 Introduction

This introductory chapter outlines the theoretical background of the thesis, explains the necessity of this research, and describes how this study addresses gaps in existing academic literature. It introduces the key constructs of the study and explains their interrelations.

After presenting the topic and its relevance, the research questions are structured, followed by an explanation of the aim and scope of the research. The final part of the chapter outlines the content of the study.

1.1 Social responsibility from the board's perspective

The Board of directors are part of company organization. Their role is to manage the operational team and ensure that company is fulling shareowners will. Board of directors are globally typical decision-making body in the organizations, but local regulations and legal environments cause regional and national differences in the board and their duties. (SpencerStuart, 2024) This study focuses on boards in Finland.

In corporate governance literature, board of directors are the team of director between shareholders and the CEO (Federo, 2020). The board of directors is the most important decision-making body in Finnish companies, and it is the only entity within the corporation mandated by law (Finnish Companies Act, 624/2006). In recent years, the role and importance of responsibility and sustainability in company operations and strategies have increased, particularly in the business environment where the emphasis on social responsibility is growing (Harjoto et al., 2018).

Historically, sustainability was primarily discussed from an environmental perspective (McDonagh & Prothero, 2014). However, in recent years, discussions about ethical and social responsibility have emerged alongside environmental concerns (Halkos & Nomikos, 2021). Many boards and board members are already cognizant of the importance of environmental concerns, but the social aspects of sustainability, and especially their impact on the company's performance, are less understood among boards of directors. Increasingly, company owners have begun setting sustainability goals in addition to purely economic objectives (Yamak et al., 2019). As the board's duty is to implement the owners' will, this heightened sustainability awareness among owners also brings sustainability to the forefront of the board's agenda.

The board’s role in corporate governance involves making strategic decisions and directing the company’s operations through the Chief Executive Officer (CEO) (Graham et al., 2020). Decision-making within the company can be categorized into three levels: individual, team, and organizational (Hytönen et al., 2018). Similarly, Chandler et al. (2023) divided an organization’s leadership levels into individual, team, and organizational levels.

In the context of this study, decision-making is divided among individual board members, the board team, and the company level. It is the responsibility of the board team to make decisions about the company’s responsibility. Therefore, the role of the board of directors in corporate governance makes the board significant for the company in terms of both responsibility and sustainability. This distinction in decision-making and leadership levels underpins the need for further research into the board’s role in sustainability.

This kind of separation is employed in this study to distinguish individual board members from the board team and to separate board level from company level. Previous studies in the corporate context have primarily focused on responsibility at the organizational level, known as corporate social responsibility (CSR) (Lougee & Wallace, 2008). Both individual-level sustainability (Pappas & Pappas, 2015; Middlemiss, 2008) and firm-level sustainability (Douglas et al., 2004; Carroll, 2018) have been researched previously, but there is a gap in board-level sustainability research within the corporate environment. No previous studies in Finland have focused on how the board of directors’ team works with sustainability. Therefore, this study is centered around the board of directors.

To foresee and estimate how company-level responsibility will develop in the future, it is crucial to understand how the board handles and decides on sustainability-related activities. Board-level sustainability needs to evolve before company-level responsibility can improve. This study bridges the gap between board decision-making and company-level responsibility by defining and elucidating the terms 'board social responsibility' and 'board social performance', which are detailed in Chapter 3. These definitions aim to highlight the board's role in organizational sustainability. Understanding board-level responsibility is essential to grasp how responsibility at both the board and company levels will develop in the future.

The motivation for this study is to understand how an organization's sustainability can be influenced by selecting the right board members and evaluating the board's sustainability. Given the board's role in setting and implementing the company's strategy, board-level sustainability is expected to change before company-level responsibility. By understanding board-level sustainability, there are opportunities to influence CSR significantly because the board acts to fulfill the owners' intentions. If the owners aim to enhance the company's responsibility, the board is their primary mechanism to achieve this.

Since there are constructs that affect team-level performance, the next chapter describes how individual board member motivation and board-level diversity relate to board social responsibility and performance within a company framework.

1.2 The role of individual motivation and team diversity in board-level sustainability

This study assesses the impact of individual motivation and team diversity on board-level sustainability. This second introductory section describes the relationship among the three constructs presented above and how this study addresses the research gap concerning these relationships. Each construct is discussed in detail in the literature review spanning chapters 2 to 5.

Janardhanan et al. (2020) explored how individual motivation affects performance at the team level. They noted that many organizations are team-based, and team-level performance significantly impacts firm-level performance. According to their findings, teams are often composed of individuals with differing motivations who must collaborate effectively. They concluded that the motivation of individual members affects the performance of the team.

The board of directors can be viewed as a team, and this study investigates what motivates individuals in board work. Board motivation has been a subject of research for some time. For instance, in 1985, Widmer studied why board members serve and participate in board activities. As discussed in the previous chapter, the role of sustainability in the corporate environment has grown, prompting this study to examine how individual-level motivation influences team-level sustainable performance. Motivation toward sustainability among top management or board of directors has not been extensively researched previously, especially not in Finland.

This study explores the link from individual-level motivational factors to team-level sustainability. It is crucial to recognize that individual motivational factors influence how a person acts and makes decisions. Like any other team member, board members are individuals with their own interests. This study will assess whether there are motivational differences between independent board members and non-independent ones. It is possible there isn’t any motivational differences between different board members.

In addition to individual motivation, this study examines the effect of diversity at the team level on team performance. Board members form a team characterized by diverse attributes of its members. Board diversity can be divided into two different dimensions: One assessed by structural characteristics of the board of directors, like size of the board, duality of the CEO and board independence. The second dimensions of board diversity is where diversity is defined by demographic factors of board directors, like age, genger balance or nationality of board members. (Beji et al., 2020). In this study both dimensions of the board diversity are evaluated.

By combining the different characteristics of individuals, team-level diversity can be measured. According to a meta-study by Hallituspartnerit (2023), board diversity variables affect board performance. For example, their research indicated that the number of women on the board and the number of independent board members impacted the board's discussions, the company's financial performance, and investment in research and development. Previous studies have established a connection between board diversity variables and team-level performance. This study aims to determine if a connection exists between board-level diversity and board-level sustainable performance, a gap not previously focused on in team-level diversity variables roles in sustainable performance.

Harjoto et al. (2015) investigated how various diversity variables at the board level affect responsibility at the firm level. In this study, the connection between board diversity variables and board-level sustainability is measured, as company-level sustainable activities and performance may be based on previous board decisions. This relationship between board diversity and board-level sustainability makes this research unique. While other researchers like McGuinness et al. (2017) and Shaukat et al. (2016) have studied the role of the board and its connection to CSR, their focus was on company-level outcomes rather than board-level sustainable performance. Board level social responsibility and board level social performance are defined later in chapter 3.4 Board social responsibility and 3.5. Board social performance.

To connect board member motivation and board diversity, both constructs are researched concerning board-level sustainability in this study. Previous research has explored the connection of motivation factors to company-level sustainability and the effect of board diversity on company-level sustainability, but this study fills the gap by investigating whether these constructs relate to board-level responsibility. This unique team-level research on sustainability in a board context aims to bridge the gap between previous studies.

Furthermore, certain organizational-level variables that affect team-level performance are measured and explored. This is done to gain perspective on how organization-level variables, such as the ownership structure or company size, affect team-level sustainability performance within the board framework.

The next figure illustrates how the main constructs of this study are positioned at different organizational levels: individual, team, and organizational. The individual level describes the board member as an individual, the team level describes the board as a team, and the organizational level variables describe company-level factors.

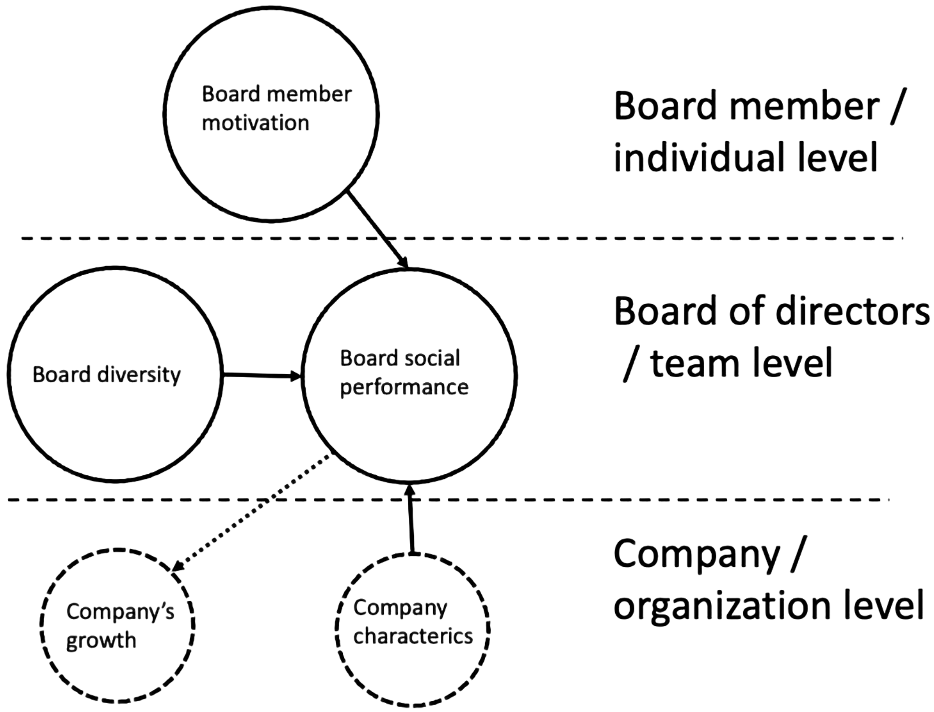

Figure 1. Main constructs of the study at organisational levels.

As can be seen from the figure, the focus is on the individual and team levels. The company-level constructs and variables are seen as moderating factors. These constructs are explored to better understand how individual-level and board-level constructs influence the company.

The team level of the board acts as a bridge connecting individual attributes with organizational level. Therefore, it is crucial to investigate how individual attributes of board members affect the sustainability and sustainable performance of the board team. In this study company-level responsibility or company-level social performance are not in the focus, and hence, they are not taken into researched model described above in Figure 1.

The actions of board members are driven by a motivation to make informed decisions in the boardroom. These motivational variables are expected to influence their intention to work towards sustainability. Additionally, to align this study with managerial interests, the effect of board-level social performance on the company's growth is also researched.

1.3 Content of the research

This study examines the motivation of board members, board-level diversity, and board-level social responsibility. Additionally, the impact of board-level social responsibility on company financial growth is explored, although it is not the main focus of the study. Various company demographic factors and their impact on board-level social performance are also examined.

Board diversity describes how different individuals on the board team are from each other. The detailed definition is provided in Section 5.3.

Board social performance describes how the board of directors are performing in social responsibility items. The detailed description is provided in Chapter 3.

Board member motivation describes how individual board members are motivated to dedicate time and energy to the board.

Figure 2 below describes the key terms and issues surrounding this research project.

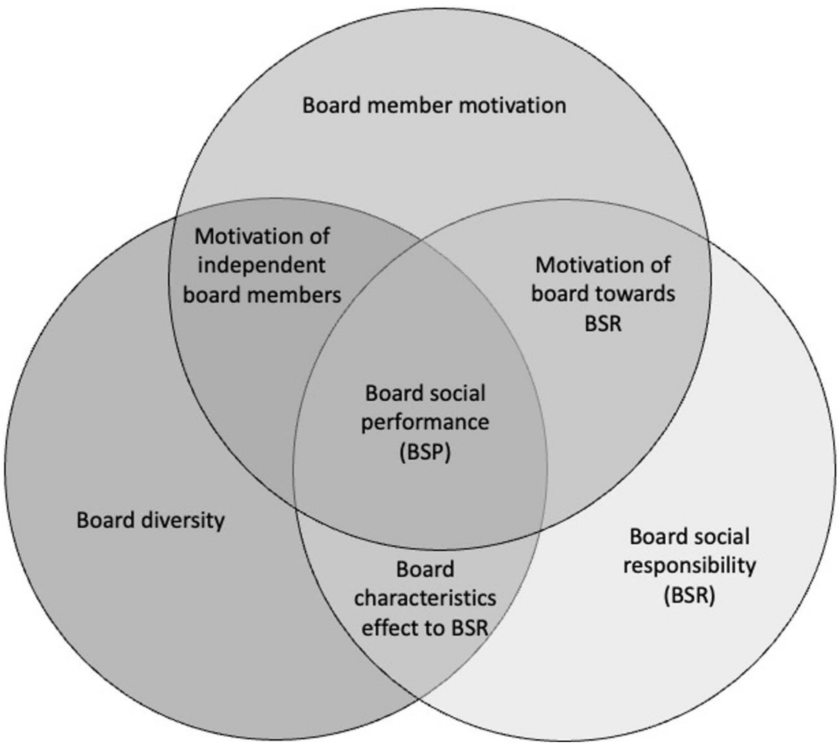

Figure 2. Key content of the theses.

Figure 2 illustrates the key constructs of this research, namely board member motivation, the social responsibility of the board, and board diversity. There is an overlap between board social responsibility and board diversity when the effect of board characteristics on board social responsibility is analyzed. The effect of board member motivation towards the social responsibility of the board is evaluated. There is an overlap between board member motivation and board diversity when the motivation of individual board members is researched. When all the constructs overlap, the study focuses on how these constructs affect board social performance.

The work towards this PhD research began in summer 2021. From summer 2021 to summer 2022, the focus was on studying and reading articles related to the topic. From autumn 2022 until late summer 2023, the actual writing part of the literature section took place, focusing on the literature review and gaining an understanding of the topic. The survey study was designed in late autumn 2022, and the survey data were collected in early 2023. The data collection month is relevant information, since within the first months of the year, the previous year's financial statements were not completed in all companies. Thus, some respondents were using company demographic data from 2021, and some from 2022. This different financial years usage doesn't affect the results of the study. Data analysis was conducted in autumn and winter 2023, before the project was finalized in the first half of 2024 for peer review. It is important to note the timeline of the study, as the opinions and thoughts of respondents may change over time. Additionally, the role and responsibilities of boards may evolve as the legal environment changes.

This research was conducted as a survey study. We received 115 acceptable responses to the survey. The data collected were analyzed using principal component analysis, confirmatory factor analysis, and a model was built using partial least squares structural equation modeling. The research methodology and survey content is further analyzed in the chapter 6. Research data and methods.

1.4 Research problems, objective and questions

The board of directors is partly a mysterious governing entity for the lower levels of an organization. Boards typically do not allow researchers or outsiders to attend their meetings, where the most important business secrets and strictly confidential topics are discussed. Consequently, researchers have often studied boards through their structure, attempting to understand the board's role in the firm's observable variables (Schwarz-Ziv & Weisbach, 2013). If you speak to the rank-and-file employees or even middle managers of companies, they usually have little understanding of what the board does and who its members are. Many may not have even seen the board members of their company and do not grasp the role of the board between the CEO and the company owners (ICAWE, 2018).

Board of directors responsibilities, duties and tasks are regulated by business law (Kitagawa et al., 2009). According to Finnish company law, board members assume all their legal responsibilities once they are elected to the board by the general meeting. Virtanen & Salminen (2021) note that the occurrence of actual board meetings does not affect the legal responsibilities of individual board members. Although the responsibilities of board members are significant, their compensation is typically much lower than that of company management. Finnish research on board compensation indicates that in an average small to medium-sized company with 50-249 employees, the chairperson of the board receives €17,000 per year, while ordinary board members receive €6,500 per year (PK-hallitusbarometri, 2019). Comparing these figures with the average compensation of a board member in Finland, which was €86,000 per year in 2020 (Statistics Finland, 2020), highlights a significant discrepancy in board compensation, especially considering that board members are ultimately personally liable for their decisions (Virtanen & Salminen, 2021).

The board of directors is often viewed as a supervisor of the management, which is why its role is sometimes underestimated in start-up and growing companies (Kauppalehti, 17.9.2019). Legally, the board's role is to supervise decision-making but also to coach and support managers and founders to build the company's growth. Moreover, the board plans the future of the company and oversees key long-term decisions. It should, therefore, be in the owners' interest to keep board members motivated and to ensure the best possible performance for the company.

The motivation of board members is a topic that is rarely researched (Chareonwongsak, 2017). The board of directors is elected by the company owners at the general meeting, which also sets the goals and compensation for board members. Outside of the general meeting, the owners' ability to influence the work of the board is limited. While owners select the board members, they have no formal right to attend board meetings or access board materials, unless the owner is also a board member. It is often assumed that board members will naturally want to do their best for the company; however, board members are also human beings who often serve on several boards. How can we ensure that the company receives the best attention from its board members and that they are motivated to work and serve effectively?

Based on this background, the research objective of this dissertation is to understand the relationship between individual board members' motivation and board social responsibility. Additionally, the objective is to understand how board diversity affects BSP. To connect the research to practical board work, the connection between BSP and the company's financial performance is researched. That is done because there is currently a significant amount of both scientific and media discussion about social responsibility. Much of this discussion focuses on whether responsibility within the company environment is nice merely a nice-to-have thing or is actually beneficial for the business (Hofman-Bergholm, 2024). By establishing a connection between BSP and financial performance of the company, the research remains interesting for larger audience and will likely increase general interest to the research.

This background described in this section sets the stage for the research questions. The first research question is:

RQ1: *How are individuals motivated to serve on a board of directors?*

The second theme in the research is the diversity and characteristics of the board of directors. Board diversity is an actively discussed topic (Boulouta 2012, Harjoto et al. 2015). Diversity is often demanded or hoped for, but its impact on board behavior and decisions is less understood. Therefore, this study explores the effect of diversity on the BSP as part of research question two:

RQ2: *How does board diversity affect the social performance of boards?*

Owners often seek financial growth for their company. However, as described in the introductory chapter, the importance of sustainability is increasing. The third research question thus focuses on this dilemma: can sustainability and corporate growth be reconciled, or is this even necessary in the modern business environment? Sustainability is often viewed as just an extra expense or a nice-to-have, but recent discussions have sought to identify a link between sustainability and corporate financial performance (Busch & Friede, 2018; Guney & Kwabi, 2019).

In recent years, the role of sustainability has grown significantly. Sustainability should be on the agenda of active boards of directors (Ilkka, 2022; Chams & García-Blandón, 2019). Often, sustainability has been considered only in terms of environmental concerns, but in the last few decades, it has also encompassed economic and social sustainability (Temminck et al., 2015). Social responsibility is an actively discussed topic in the boardroom (Temminck et al., 2015), but does the social performance at the board level impact the financial performance of the company?

Based on this, the third research question is formulated as follows:

RQ3: *How does board-level social sustainability affect firm-level financial performance?*

For each research question, one or more hypotheses are formulated. The hypotheses are presented at the end of the literature review in Chapter 5.6, where they are developed in detail. The research questions and hypotheses are addressed in Chapter 7.4, at the results and discussion chapter.

1.5 Goals and scope of the study

The purpose of this dissertation is to examine the relationship between the effect of individual board member motivation on corporate social responsibility (CSR) at the board level and to explore how board diversity variables affect Board Sustainability Performance (BSP). Sustainability can be divided into two categories: 1) reporting and compliance required by authorities, and 2) a sustainable purpose that is an integrated part of strategy (Sebhatu, 2009). This study focuses on the role of social sustainability at the strategic level, rather than at the reporting and compliance level.

The aim of this research is to deepen our understanding of board-level social responsibility and performance. It also seeks to determine whether there are differences in social sustainability behavior among different types of board members, by addressing the research questions outlined in the previous section.

The practical outcome is to identify ways in which company owners and chairpersons can ensure that the company receives the best possible attention from its board members. This includes understanding how the demographic factors of different board members influence their motivation and interests, as well as examining how social responsibility is perceived by board members in various companies.

Every research endeavor faces its challenges. In this study, obtaining a sufficient number of survey responses was a significant challenge. Given the importance of a large dataset in analyzing results using quantitative methods, the 115 acceptable responses received were modest, particularly given the relatively large number of variables surveyed compared to the number of responses. This limited number of respondents was one of the main limitations of the study, which is discussed further in the conclusion chapter at the end of the document.

The scope of this study is to explore the board team from one person's perspective. While this approach is suitable for studying motivation, evaluating social performance at the board level based on one person's opinion may affect the results. The decision was made due to the study's aim to understand boards in a broader context and the limited resources available to survey over 100 companies with all their board members. In Finland, board committees are not typical in SME companies. Additionally, information about the chairperson of the board’s nomination committees is not publicly available for non-listed companies. Because of this, neither board committees nor board nomination committees could be used to collect data about the board or the board members. Additionally, finding 100 companies where data from all board members could be collected would have been a challenge. Company variables and demographic factors are not affected by this individual perspective.

Furthermore, this study focuses on Finland and examines the role and duties of the board from the perspective of the Finnish legal environment. Finland is a relatively small market, and Finnish companies represent only a modest proportion on a global scale. Finland's share in the European Union's economy was 1.4 percent in 2017, measured by gross national product (Statistics Finland, 2018).

The survey targeted board professionals and experts who are currently serving on boards. The data was collected through board professional networks and associations, which may have biased the respondents toward highly motivated board members. Additionally, the survey was distributed via email, and some respondents may have received more reminders about the survey than others. The delivery of the survey link was mainly handled by the secretaries and chief executives of the associations. As a result, the researcher did not have direct access to the board members' email addresses.

Company-level sustainable performance was not formally measured in this study, as the company's performance status was only asked from the respondents' own perspective. Similarly, board-level social performance was assessed based on the opinion of a single board member. Therefore, there is a high risk that the respondents' answers may reflect their personal perspectives and could vary more than the actual situation.

The companies surveyed varied considerably, and it was not possible to control which company the respondents used as an example. Many respondents were expected to sit on more than one board, so their answers may have been mixed between companies.

Finally, the sample size and the size of the companies whose board members responded to the survey were larger than the average company in Finland. These and other survey statistics are further analyzed in the chapter on data analysis.

1.6 Outline and structure of the study

Next, the structure of the study is described. The first chapter provides an introduction to the research by presenting the research questions, limitations, and objectives of the study. The introduction section also describes how the three key constructs of this study are related to each other.

The literature review and background are presented in Chapters Two to Five. The first literature review chapter, Chapter Two, focuses on the role and characteristics of the board of directors. Different board roles are described, and the role of the board in corporate governance is discussed. Later, board characteristics and board effectiveness are explored. In the final section of the chapter, the role of the board within the top management team is presented.

Chapter Three explains the concept of sustainability and defines the key terms of the study: BSR and BSP. The concept of sustainability and social responsibility in the context of business is also presented in this chapter. The chapter starts by discussing the concepts of CSR and CSP before focusing on BSR and BSP.

The third literature section, Chapter Four, focuses on motivation. It begins with the basic theories of motivation: motivation theory and agency theory. Then, the motivational characteristics of the board are discussed. The top management team and work motivation are also explored, emphasizing the role of a board member in serving the company and its owners, similar to the top management team. At the end of the chapter, the role of rewards in motivation and decision-making is discussed in detail.

These theories have been selected for use due to the two-tier structure of the thesis. On one hand, the study focuses on individual motivation, and on the other hand, it evaluates the effect of team diversity on team-level performance. For motivation studies, motivation theory and agency theory are commonly used.

Work motivation was discussed since independent board members often make part of their living by working on boards. Additionally, these same individuals often have multiple roles and may also have operational roles in some organizations. Because of this, role theory is discussed to understand how board roles affect people's motivation and perception of their duties.

The final part of the literature review, Chapter Five, discusses all the variables of this study and their relationship to BSP and motivation. It starts with role theory and presents how this study is conducted from the board member's point of view. It then examines the performance of the board member and the social performance of the company, before breaking down the motivational characteristics of the board members. The latter half of Chapter Five presents the main parts of the study: company demographics, board characteristics, and board member characteristics. Each part is covered by discussing how previous publications have defined the variables and how the variables affect CSR and board member motivation. Chapter Five concludes with the development of hypotheses.

After the literature review, Chapter Six explains the research methods and presents the philosophical decisions that were made. It describes how the survey was conducted and how the data was collected and analyzed. The statistical parameters used are presented in this chapter.

Chapter Seven explains the results of the study and discusses the findings. This chapter begins with a demographic analysis to better understand the respondents to the survey and summarizes the companies and boards they serve. Later, the model is constructed, and the PLS-SEM results are explained.

Chapter Eight summarizes the research project, describes the limitations of the study, and provides suggestions for future research avenues. The theoretical and practical findings are discussed in this final chapter.

Following the bibliography, further information is provided in the appendices. The first appendix presents the original survey study in Finnish as seen by the respondents. The second appendix presents the descriptive statistics of the study. The third and final appendix details the original sources of the survey questions and how they were edited to better fit this study.

2 Board of Directors' Role in Corporate Governance

This chapter describes the board's role in corporate governance and the company's decision-making process. It begins with an overview of Finnish company law and quickly transitions to discussing the board's role within the company. The aim of the chapter is to provide the reader with an understanding of the board's role in the company's decision-making process, and how the board is structured and organized. It is important to understand board's role in corporate governance to understand how they are able to affect corporate's sustainability.

Considerable effort has been made to explain the differences between various categories of board members, as this distinction becomes important later in the research phase when examining motivational factors. The role of independent directors is also examined in detail. Of course, as with any corporate entity, mere existence is not enough. Therefore, the final part of the chapter focuses on board effectiveness and the various methods of measuring board performance.

2.1 Board of directors implements corporate governance

The board of directors of a company is guided by corporate governance, which provides guidelines, rules, and practices on how the board should operate. Corporate governance is approved at the company's shareholders' meeting, and the board implements the approved corporate governance (Glass Lewis, 2020). The purpose of corporate governance is to ensure that the company is managed in accordance with regulations and best practices (Virtanen & Salminen, 2021). Corporate governance encompasses two aspects: it is created by authorities to ensure that companies act in their interests (Romano, 2004), and it also ensures that companies are managed in a way that allows them to focus on their core business (CGIFinland, 2016).

Aras & Crowther (2008) argue that corporate governance is established by companies to manage their stakeholder relationships and is a tool to manage how a company collaborates with its partners (John et al., 1998). Spanos (2005) adds that corporate governance plays a crucial role in ensuring growth, as it provides robust structures for companies.

However, corporate governance is not solely determined by the company itself. Scherer et al. (2016) explain that corporate governance includes the processes of how the company is directed, but there can also be laws and rules set by the country or region in which the company operates.

Spanos (2005) asserts that one of the purposes of corporate governance is to manage the risk of the company's investors and ensure their investment success by improving the company's performance. Similarly, Dalton & Dalton (2005) state that corporate governance is a tool to enhance a company's performance. Aras & Crowther (2008) identify four principles of corporate governance: transparency, accountability, responsibility, and fairness.

The Securities Market Association (2020) describes an objective of the Corporate Governance Code as increasing the openness and transparency of remuneration and improving the management of companies. They aim particularly to make companies easier for investors to evaluate and monitor.

Crowther (2000) observed that the reporting requirements of companies have increased significantly over time. As a result, sustainability-related reporting and disclosure have also increased. Consequently, it can be argued that the link between sustainability and corporate governance has grown and will continue to grow (Aras & Crowther, 2008). Since sustainability in corporate governance is challenging to measure and identify, it has typically been studied through companies' disclosures (Gray et al., 2001). Good corporate governance should address the balance between financial and social benefits (Aras & Crowther, 2008).

Corporate governance differs between small and medium-sized companies, particularly in governance factors such as board size, CEO age, CEO tenure, directors' remuneration, and the proportion of non-executive directors on the board (Afrifa & Tauringana, 2005; Halla, 1999; Cowling, 2008).

As seen above, the board of directors plays a key role in the corporate governance of a company. Given that corporate governance requirements mandate boards to manage the company in the best possible way, the effectiveness of the board and its ability to develop the company need to be investigated.

2.2 The role of the board

In an international context, it is commonly required that public companies have a board of directors (Investopedia, 2024). For private companies the local regulation and corporate governance practices vary. According to the Finnish Companies Act, all companies must have a board of directors (Finnish Companies Act, 2022). The CEO and other members of the top management team are optional as per the law.

The board is responsible for managing the company and ensuring the proper organization of its operations. It is also tasked with ensuring that the company's accounting and financial management are supervised according to the guidelines. A key principle is that neither the board of directors nor any individual board member may make a decision contrary to company law or the company's articles of association (Finnish Companies Act, 624/2006). This requirement holds even if the decision was initially made by the general meeting, management, or a previous board (Virtanen & Salminen, 2021).

Baysinger et al. (2020) question this dynamic because, although legally the chairperson has the same rights and duties as any other board member, the chairperson is responsible for ensuring that the board works in accordance with the company's corporate governance guidelines. Additionally, the chairperson significantly influences board meetings by preparing the meetings and acting as a link between the board and the senior management team, including the CEO.

Typically, the board is the second-highest decision-making body in a company after the general meeting. Outside of the general meeting, the board has decision-making power. In Finland, each board member has equal rights and decision-making power—one person, one vote—unless the company's articles of association stipulate that in the event of a tie, the chairperson's vote is decisive. However, Eloranta (2018) notes that in his 45-year career as a board member, they have never had to vote in their boards, as the board aims to move the company forward collectively. In theory, this is the ideal; however, in practice, situations can vary greatly, and each company is unique. Finnish company law mandates that the board must act in the best interest of the company, allowing decisions that favor any shareholder only if they align with the company’s interests.

In addition to company law, a company's articles of association or a potential shareholders' agreement may dictate how the chairperson's vote influences decision-making (Virtanen & Salminen, 2021). This study limits the exploration of the effects of articles of association or shareholder agreements on voting and board decisions, as their impact is very company-specific and they do not influence the outcome of this research.

As a member of the European Union, Finnish corporate governance is also shaped by EU regulations. There is a committee tasked with creating guidelines for corporate governance in Finnish listed companies, which was last updated in 2020. The goal is to standardize corporate governance and make Finnish companies more attractive to investors. Furthermore, effective corporate governance increases the value that companies create for their shareholders (Securities Market Association, 2020). Its guidelines aid in managing and understanding corporate governance in practice.

The role of the board in corporate governance is widely discussed. Baysinger (1985) argues that the composition of the board and the role of individual directors play an important role in corporate governance. They assert that board structure and corporate governance should not be separated when discussing the governance of the company. In other words, they believe that corporate governance should be tailored for each company based on its board structure. Brenes et al. (2011), on the other hand, contend that the board needs to adhere to the corporate governance set by the company's shareholders.

Baysinger et al. (1985) state that organizations have a board of directors to ensure the separation of ownership and control. Brown (2007) describes that increasing competition, scarcity of resources, a more complex operating environment, sophistication, and potential external regulation drive the need for high-quality board members. These high-quality board members are essential to companies as they bring the knowledge, skills, relationships, and capital needed to strengthen the company. According to Brown's research, high-performing companies tend to have effective boards. Judge et al. (1992) argue that merely having a board does not suffice. Board commitment plays a significant role in board effectiveness.

Baysinger et al. (1985) describe the board of directors as having the power to hire, fire, and compensate senior management. Jensen & Meckling (1976) do not assign specific tasks or duties to the board, but highlight its role in separating decision management from decision control. Additionally, the board serves to resolve conflicts of interest between decision-makers and residual risk bearers. Nicholson et al. (2010) observed that traditionally, boards have only two main roles: controlling the organization and providing access to resources. Arwine (2002) emphasizes that firing and hiring the CEO and setting the direction for the organization are the two most crucial roles of the board.

Nicholson et al. (2010) categorized the role of the board into three groups: 1) activities without topics, such as monitoring, 2) topics without activities, such as strategy, and 3) a combination of the two, such as monitoring strategy. Similarly, Knockaert et al. (2014) classified the board's tasks into two categories: service role and monitoring role.

Tirole (2001) does not differentiate the board's roles within the board itself but provides examples of how the board can be structured to focus on different issues and roles. For example, in Germany, companies with more than 500 employees are required to have a two-tier board system: one tier focuses on traditional company issues like growth, organization, employees, and continuity, while the other tier, comprising executives from key stakeholders like banks, suppliers, customers, and employee representatives, focuses on the company's stakeholders. This stakeholder board is the higher of the two boards.

Gabrielsson et al. (2001) found in their study that from the perspective of venture capitalists, the most important role of the board is to review and formulate a company's strategy. Similarly, Fried et al. (1998) noted that strategy formulation and evaluation are the most significant responsibilities of the board, especially in venture capital-backed firms. Goodstein et al. (1994) argue that the most vital role of the board is strategy development and formulation, though they also found that this strategy formulation challenges the board's traditional institutional and governance functions. When the board creates strategy, it does more than just oversee what the organization has been doing.

Arwine (2002) underscores the importance of CEO selection among the board's responsibilities and states that the board is responsible for overseeing management, finances, and quality. According to him, the board sets strategic directions, builds community relationships, establishes ethical standards, values, and compliance, and selects and monitors the CEO.

Previous researchers have examined the role of the board from the perspectives of the company and the manager. Another approach is from the owner's perspective. Nicholson et al. (2010) investigated how managers and directors view the board's role, finding that managers tend to see the board's role as very activity-focused, primarily as a monitoring and reporting body.

Jensen & Meckling (1976) observed that strategy is created jointly by top management and the board: top management prepares the strategy for the company and the board ratifies and monitors the strategic activities, ensuring that their roles in the strategy development process do not overlap.

Strategy generation and the board's involvement have sparked debate. Knockaert et al. (2015) found that the diversification of the top management team has a positive correlation with the board's active involvement in strategy. However, they also found that the CEO's active role in the board has a negative effect on the board's strategy involvement. A similar observation was made by Knockaert et al. (2014), who noted that the CEO's dual role as CEO and chairperson of the board reduces the board's involvement.

Knockaert et al. (2014) discovered that the role of the board varies significantly at different stages of the company's growth. Therefore, it is not possible to definitively say which tasks the board should and should not have. In the early stages of a company, the board often acts like an extended management team.

García-Sánchez et al. (2015) emphasize that in addition to the governance role, the board sets the values, attitudes, and beliefs of the company, integrating these into the company's culture and ensuring the ethics of the company.

Hillman & Dalziel (2003) emphasize that the role of the board is to act as a link between external stakeholders and the company. Additionally, the board can provide access to valuable resources such as networks and tenure. Finkelstein & Hambrick

(1996), on the other hand, argue that the board should not be used as a resource or a tool to extend networks. They contend that the role of the top management team is to secure the resources needed to achieve strategic goals, while the board is there to oversee this process. McNulty & Pettigrew (1999) offer a perspective that lies between these two views. According to them, the composition of the board influences how the top management team strategizes. Kim et al. (2009) add that board composition affects how the strategy process is carried out, what the content of the strategy is, and how the strategy process is monitored.

Festum (2023) lists the main tasks of the board as securing the future of the company, ensuring profitable business, and maintaining both the legality and appropriateness of the company. As the board's duty is to ensure that the company is able to operate and do business in the future, sustainability at the company's board level cannot be ignored.

Virtanen & Salminen (2021) describe the key functions of the board as follows:

- Promoting the company's interest,
- Wide-ranging and untypical decisions and actions concerning the company,
- Appropriate organization of management and company’s operations,
- Organization of accounting and financial control, and
- CEO selection, dismissal, and guidance.

In summary, they noted that the board's role is to secure the future of the company.

A slightly different view was expressed by the Tampere Chamber of Commerce (2023), which described the board as playing a crucial role in implementing the owners' will and ensuring that the company is properly managed. Sir John Harvey Jones (1993) once stated that the board's job is to make the company of today the company of tomorrow.

2.3 Structure of the board

The Board is composed of a team of highly skilled and talented individuals who work together for the benefit of the company. It includes a chairperson and other board members. In Finland, the legal duties or responsibilities of the chairperson are no different from those of other team members. However, in practice, the chairperson's role is considerably more time-consuming and demanding than that of a regular board member (Tampere Chamber of Commerce, 2023).

Board structure can be either one-tier or two-tier structure (KVK, 2024). In Finland, there is typical a one-tier board structure, which means that there is only one body called board of directors in the company. In Finland it is typical that the companies have board of directors, which manages company through the CEO. The CEO may have other operative directors and managers in the management team, which is managed by the CEO. (Securities Market Association, 2020).

The board of directors and the top management team significantly influence the company's performance (Hallituspartnerit, 2023). Additionally, the board sets goals and targets for the required level of performance (Virtanen & Salminen, 2021).

In Finland, external board members are not regulated by law. Company owners can freely select whom they appoint to the board of the company. According to Finnish law, the board must consist of one to five members, unless the company's code of conduct specifies otherwise. If there are fewer than three board members, at least one deputy member must be appointed. The chairperson of the board must be selected when there are multiple board members. (Finnish corporate law 21.7.2006/624)

In this study, the board of directors is defined as belonging to the top management team of the company. This is because in Finland there is a one-tier board structure. In a one-tier system, the board can assist the CEO in making decisions, which may include operational aspects. Additionally, if the CEO is unable to fulfill her tasks, the board of directors is responsible for ensuring that all required tasks are completed (Finnish Corporate Law, 2020). Furthermore, the board may make forward-looking decisions and thus not only supervise and review past performance and activities. Especially in SMEs, the board's role may be partly shared with the management team. The key difference is the time window; the board focuses on the long-term success of the company according to the owners' will (Virtanen & Salminen, 2021). The board of directors can be seen as part of the top management team of the company, alongside the CEO, directors, and top managers (Bonazzi & Islam, 2007). Thys et al. (2023) described that top managers of the company and the board of directors together form a strategic leadership system. Luciano et al. (2020) argue that the management team and board create a collaborative multi-team system. Because of this, in this study, the board of directors is included in the top management team of the company.

Wiersema et al. (1992) identified roles within the top management team that include the chairperson, chief executive officer, president, and chief operating officer, among others. Hambrick et al. (1996) described the top management team as the entity in the firm that consolidates information and makes strategic decisions.

Corporate governance and top management structures vary significantly across countries due to different regulations, board structures, and ownership patterns. Notably, in state-owned enterprises, the board plays a crucial role in safeguarding shareholders' interests (Li, 1994).

While Wiersema et al. (1992) focused their study on the impact of top management teams on strategic change, Hambrick et al. (1996) concentrated on how different top management teams perform and make decisions. According to Hambrick's research, heterogeneous teams were slower in their decisions and milder in their reactions to competitors' moves compared to management teams with homogeneous members. Hambrick et al. concluded that top management team heterogeneity positively affects the firm's market share and profits.

On the other hand, Wiersema et al. (1992) discovered that the characteristics of the top management team change the firm's strategy and thus affect the firm's performance. Thus, team factors influence not only the behavior of the team but also the decisions they make. Wiersema et al. suggest that team characteristics are related to their willingness to change the firm's strategy. Specifically, they found a link between long tenure and high commitment to the current status quo. They also discovered that a team member's high level of education combined with short tenure increases the willingness of the top management team to make strategic changes. This finding supports the view that strategy is created and approved in the top management team, which includes the board of directors.

Wiersema et al. (1992) included roles such as chairperson, chief executive officer, president, and chief operating officer in the top management team, along with the second highest level in the company. Hambrick et al. (1996) took a more theoretical approach to defining the top management team, describing it as the entity in the firm that aggregates information and makes decisions for competitive moves. Wiersema et al. (1992) built their description of the top management team around its role in the organization, primarily as a decision-making group.

The top management team and corporate governance vary significantly across countries due to different corporate governance regulations, board structures, and ownership structures. Another critical difference between countries is the degree of ownership concentration, bank control, and state ownership. Particularly in state-owned enterprises, the board of directors acts as an important safeguard to protect shareholders' interests (Li, 1994). Describing differences in each country legal system related to the board of directors is not the focus of this study. Each country has their own corporate law, which defines each country’s corporate governance. In top of the corporate law, countries may have their own corporate governance codes and guidelines to guide companies with their board structure or top management practices. (Securities Market Association, 2020)

Similarly, Daily & Schwenk (1996) presented two opposing alternatives for the corporate governance structure of the firm concerning the top management team and the board of directors. They suggest that the company can choose either a CEO or board dominance structure based on the firm's characteristics, ownership structure, available resources, and information needs.

The board structure influences the structure of the top management team. Knockaert et al. (2015) found that the board of directors complements the entrepreneurial team, especially in start-up and high-growth firms. Nicholson et al. (2010) found that clearly defining the role of the board in the top management team is crucial for the firm's effectiveness.

Nicholson et al. (2010) emphasize that the role of the board is to direct and monitor the top management team. Knockaert et al. (2015) categorize the board's role in collaboration with the top management team into two distinct functions: a service role and a control role.

Boards can use committees to support their work in corporate governance and to increase the effectiveness of the board. The role of a committee is to assist the board in considering appointments, succession, audit, risk, and remuneration, and to prepare for the board's decisions. However, committees do not make official decisions; they only prepare decisions and provide insights for the board's decision-making processes (Adams et al., 2020). To ensure effective committee work, the board must ensure that committees have clear responsibilities and the necessary authority. To ensure a smooth flow of information to board members, committee minutes should be shared with all board members (Financial Reporting Council, 2018). Similarly, Wan et al. (2016) found that committees increase the transparency of board work, which is considered positive from a corporate governance perspective.

He et al. (2008) highlight that the most important factor in the effectiveness of a committee is the role of the CEO within the committee. According to them, the CEO's participation in committees should not be overly extensive, otherwise, it may reduce the board's independence. Wan et al. (2016) found that audit committees help boards to effectively manage earnings. According to the Finnish law board can establish committees for any topic they see beneficial. These kind of commitees may be responsibility committee, nominating committee or legal committee, just to give a few examples

2.3.1 Chair of the board

The chairperson leads the board. In their research, Knockaert et al. (2015) found that the chairperson's industry experience is positively correlated with the top management team's involvement in service roles. Furthermore, they observed that the chair's industry experience is generally positively correlated with the size of the top management team.

Nolan et al. (2005) argue that for a board or committee to perform effectively, it must have a clearly defined chair. The board functions as a team and is expected to work cohesively. Torchia et al. (2015) found that the interaction among board members strongly influences their relationships. They suggest that board members should communicate directly with each other and not solely through the chairperson.

Many studies suggest that individuals should not hold multiple roles on the board. One of the most researched dual roles is that of the CEO serving simultaneously as Chief Executive Officer and Chairperson of the Board. This dual role of the CEO is discussed further in Chapter 3. As this research focuses only on the CEO and chair roles, other potential duality roles involving the chair are not covered in this study.

Research on the chair's role has increased significantly over the last 10 years. Most studies focusing on the dual role of the CEO as executive office of the company and the chairperson of the board. (Banerjee et al., 2020).

2.3.2 Internal and independent board members

There are different categories of board members based on agency theory. The separation of ownership from decision-making and control creates challenges and varying motivations for individuals (John et al., 1998). According to the literature, the structure of the board can be divided into internal and external board members (John et al., 1998). Another method to distinguish board members is to categorize them as independent and non-independent (Virtanen & Salminen, 2021). Sometimes, external board members are referred to as independent board members (Fernandes, 2008), but this terminology can lead to misunderstandings. The text below provides a detailed explanation of these categories. The accompanying figure illustrates the different categories of board members.

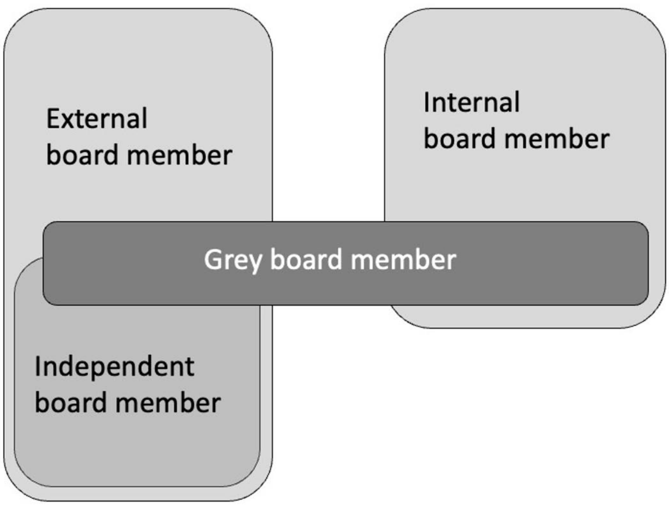

Figure 3. Different categories of board members.

Gabrielson et al. (2002) differentiate between inside and outside directors. Judge et al. (1992) provide a more precise distinction, describing internal board members as those who are currently or formerly employed by, or otherwise closely associated with, the company. Outside directors, according to Chen (2021), are those who are not current employees or stakeholders of the firm. Edlund & Sahlin (2021) add that external board members may also include politicians, or their roles on the board may be determined by local authorities. Therefore, while non-executive directors may be independent, they could also be appointed by a third party with interests to secure and promote, such as investors or bank employees serving on the board (Clarysse et al., 2007). However, it is crucial to recognize that these external board members are not independent since they represent significant owners of the company.

The Tampere Chamber of Commerce (2023) defines independent board members as individuals who are neither employed by the company nor receive consultancy fees from it, nor own a significant portion of the company, either directly or indirectly through family members. Directors are considered independent if they, or their family members, do not own the company, are not current or former employees, and are not affiliated with the company in any capacity other than their directorship. It is also essential to note that even though a person may be officially independent, close ties with management can compromise their social independence from the company (Hoitash, 2011).

The distinction between internal and external board members can sometimes be ambiguous, such as in cases involving family members who own a significant part of the company. These individuals are referred to as grey board members (John et al., 1998). This ambiguity can extend to independent board members whose family members may depend on the company (Virtanen & Salminen, 2021). Hoitash (2011) points out that social connections, such as belonging to the same golf club or serving on another board together, can influence a person's independence in terms of board work.

Baysinger et al. (1985) challenge the binary division of board members into independent and non-independent. They categorize directors as extremely independent, 50% independent, or non-independent. According to them, independent directors are neither employees nor owners of the company. The 50% independent directors, who might be suppliers, customers, or service providers to the company, parallel John et al.’s (1998) concept of grey board members.

A pertinent question is whether it is possible for someone to be an independent director if they are employed by or receive compensation from the company. Board compensation may be based on the meeting tokens, monthly fee or combination of these or other payments. In Finland board compensation may not be invoices through the company, since board member’s role can’t be given to an organization. Board position must be given to a person. (Virtanen & Salminen, 2021). Many researchers contend that a person is not independent if they are compensated by the company or involved in its daily operations (Powell, 2023; Hoitash, 2011).

This study focuses on independent directors and their roles on the board. In this study, an independent director is defined as a person who owns less than 5% of the company's shares, does not derive a significant portion of their income from the company, and is not a close family member of anyone in a closely held company. If an independent director works for a company's service provider or distributor, they are still considered an independent director in this study.

Why is it important to understand the differences between board members? Differences in ownership and board roles positively impact board behavior, composition, and processes (Gabrielsson et al., 2001). Bickley et al. (1995) investigated how shareholders respond to board decisions. Their research argues that external directors better serve the interests of external shareholders than internal directors.

The findings of Goodstein et al. (1994) support having both independent and internal board members, suggesting that greater board diversity imposes significant constraints on strategic change. Additionally, outside directors have a significant positive effect on firm financial performance (Judge et al., 1992). A higher proportion of internal representatives on the board is also negatively related to board commitment. As we have seen in previous chapters, the more involved the board is, the better the financial performance. From the perspective of stock market reactions, external directors are expected to make decisions more favorable to shareholders than internal directors. Brickley et al. found this by examining stock market reactions to the board's poison pill decision (Brickley et al., 1994).

There are no limitations in Finland whether board members can be selected from the company employees. That is totally in company’s owners control and may be guided in the company’s code of conduct. Judge et al. (1992) suggest that there should not be too many managers or operational directors from the company on the board, with the exception of the CEO. Often, the CEO is not part of the board but has the right to attend any board meeting (Virtanen & Salminen, 2021). Judge et al. (1992) research found that non-executive directors have a slightly positive effect on a company's financial performance. However, they also discovered that changing the board from non-independent board member to an independent board member does not significantly alter performance. Therefore, they suggest that the best solution for most companies is to have a mixture of internal and external directors, with regular presence of company managers and directors. A similar result was found by Hallituspartnerit (2023) in their meta-analysis of the optimal number of board members from a financial performance perspective. According to their research, the ideal number of board members is six. Beyond that number, performance does not increase.

The board must be seen as a team of individuals with different backgrounds and expertise. Li (1994) reminds us that internal board members provide information about the company's activities, while external or independent board members offer objectivity and expertise to evaluate the company's managers. The board is primarily considered to have a monitoring role, but research suggests that the board's role can be more complex depending on the firm (Bonazzi & Islam, 2007).

Often, the ownership of the company impacts the structure of the board. A common challenge is that venture capitalists want to choose their representatives on the board, whose primary role is to look after the VC's investment, which may not always represent what is best for the company (Bonazzi & Islam, 2007). These individuals may be external board members but may also act at the behest of the controlling owners, making them behave like internal board members.

In addition to the company's shareholders, the company's board structure may be influenced by local government regulators, who may require certain corporate governance practices. There are also international guidelines to consider. The government is an important source of external dependency and uncertainty (Hillman, 2005).

2.4 Board as a part of company's top management

The board of directors and the top management team significantly influence the company's performance (Hallituspartnerit, 2023). Additionally, the board sets goals and targets to achieve the required level of performance (Virtanen & Salminen, 2021).

Wiersema et al. (1992) found that external directors had a stronger inclination to change strategies than teams without external members. Conversely, Kim et al. (2009) discovered that independent board members could negatively affect a company's financial performance. Similarly, they observed that financial performance improved when the CEO also served as the chairperson of the board, noting that different contexts might influence the effects of CEO duality and independent board members on the company's financial performance.

Top management teams with shorter tenures are more likely to include outside members than those with longer tenures (Wiersema et al., 1992), suggesting that tenure is related to the behavior and motivation of directors. Interestingly, Nicholson et al. (2010) reported that management perceived a decrease in the board's effectiveness when it was actively engaged with the company's stakeholders.

Wiersema et al. (1992) found that external managers had a stronger will to change strategy than teams without external members. Contrarily, Kim et al. (2009) found that independent board members could reduce a company's financial performance. A similar result was observed concerning CEO non-duality; financial performance improved when the CEO also held the position of the chairperson of the board. They mentioned that different contexts might influence how CEO duality and independent board members affect the company's financial performance.

Teams with shorter tenures at the top management level are more willing to include outside members than teams with longer tenures (Wiersema et al., 1992). Thus, tenure might be expected to relate to the behavior and motivation of board team members. Board performance can also be seen as board effectiveness. Interestingly, top management teams felt that when the board was actively engaged with the company's stakeholders, management perceived the board's effectiveness as decreased (Nicholson et al., 2010).

While Wiersema et al. (1992) studied the impact of top management teams on strategic changes, Hambrick et al. (1996) examined how different top management teams perform and make decisions. According to Hambrick's research, teams diverse in education, functional background, and tenure were more proactive and bolder in their actions compared to more homogeneous teams. This diversity was found to positively affect the firm's market share and profits.

Moreover, Wiersema et al. (1992) noted that the characteristics of the top management team influence the firm's strategy and performance. They found a link between long tenure and a high commitment to maintaining the status quo, while a high level of education combined with short tenure increased the willingness of the top management team to implement strategic changes.

Daily & Schwenk (1996) presented two models for corporate governance structures based on the relationship between the top management team and the board of directors. They suggested that the firm could adopt either a CEO or board dominance structure, depending on the firm’s specific characteristics, ownership structure, available resources, and informational needs.

Knockaert et al. (2015) found that the board of directors complements the entrepreneurial team, especially in start-up and high-growth firms. Nicholson et al. (2008) emphasized that clearly defining the board's role in the top management team is crucial for organizational effectiveness. They also highlighted that the board's primary function is to direct and monitor the top management team, with its roles possibly divided into service and control categories (Knockaert et al., 2015).

3 Sustainability in the Corporate Board Work

This chapter focuses on sustainability and the board's role in responsibility. In this chapter, the key terms of the study are presented and defined. Sustainability is discussed as a concept at both the company and board levels, and sustainable performance is also examined at these levels. Although this study primarily focuses on board-level sustainability, to fully understand this concept, company-level responsibility is first discussed in this chapter.

The first section of the chapter discusses the framework of sustainability in the context of companies and presents the stakeholder theory. Section 3.2 focuses on company-level responsibility. Section 3.3 addresses the measurement of responsibility at the company level and the challenges associated with measuring sustainability. Section 3.4 defines the concept of board social responsibility, and the final section, 3.5, defines the concept of board social performance.

3.1 Sustainability in corporate framework

The World Commission on Environment and Development (WCED, 1987) stated that sustainable development is the harmonious coexistence of nature and humanity. The WCED also emphasized that this harmony must be understood in the broadest sense.

Sustainability is often discussed in the context of ESG, which is derived from the words: Environmental, Social, and Governance (Chams & García-Blandón, 2019). ESG is a framework in which sustainable development incorporates social and environmental perspectives in addition to economic ones (Sebhatu, 2009). Elkington (1997) adopts a similar approach to sustainability, introducing the triple bottom line of economic, social, and environmental sustainability. Environmental sustainability can also be referred to as ecological sustainability (Baumgartner & Ebner, 2006).

Elkington (1997) emphasizes the need for a balance between these pillars of sustainability; no one sector should dominate the others. This balanced approach facilitates day-to-day decision-making in companies. The aim is not to excel in one area at the detriment of other aspects of sustainability, but rather to find harmony between these three pillars. The challenge in working with these pillars lies in the tendency to view and address each pillar in isolation, often neglecting their interconnected effects (Silvius & Graaf, 2019). The integration of these pillars is emphasized by Linnenluecke et al. (2009), who assert that the integration of social, economic, and environmental aspects is crucial for achieving sustainability.

This research adopts a concept of social responsibility based on Ebner & Baumgartner's (2006) model of corporate responsibility, which divides corporate sustainability into three categories: Economic, Environmental, and Social. Each of these categories is influenced by legal, technological, market, social, cultural, and environmental aspects. The following figure describes the factors affecting corporate responsibility.

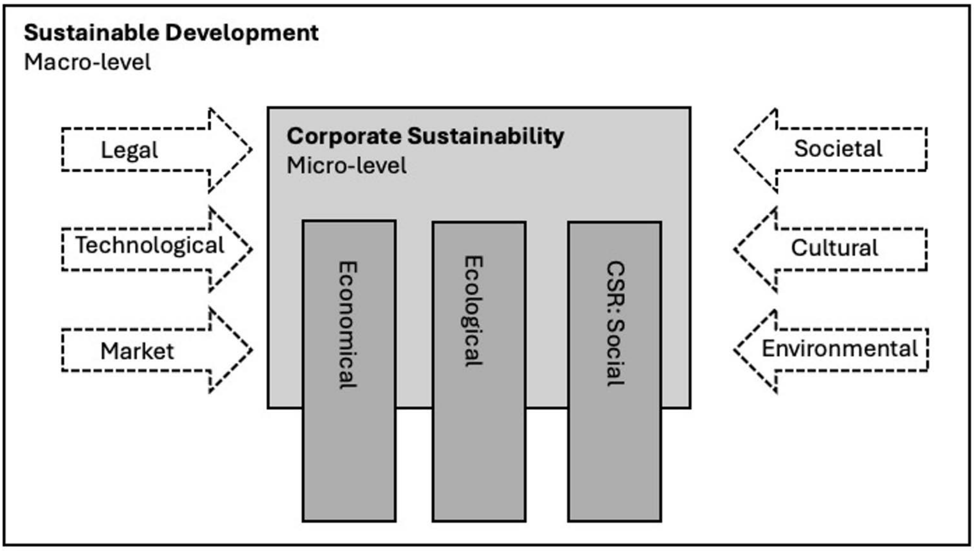

Figure 4. Company's sustainability factors (modified from Ebner & Baumgartner, 2006).

In the figure above, corporate sustainability factors are categorized into macro-level and micro-level factors. Macro-level factors are external influences that shape the company, while micro-level factors are those within the company's control. This study focuses on internal sustainability factors, as these are elements that the board can influence directly. Macro-level factors, which the board of directors cannot directly influence from their position at the top of the company, are not the focus of this study.

There has been a significant increase in reporting and disclosure requirements for companies already in the 90's (Crowther, 2000). Additionally, stakeholders are demanding more transparency regarding sustainability activities and strategies (Naciti et al., 2021). While sustainability was traditionally viewed primarily as an environmental issue, the importance of other pillars, especially social responsibility, has grown (Baumgartner & Ebner, 2006).

Sethi (2002) posits that sustainability in corporate governance means balancing financial and social objectives, including the responsible use of resources and accountability for the company's influence on the social environment.

Achieving sustainability requires top management to make decisions and implement actions that change and manage behavior within the company. The most significant decision-making power in companies lies with the board of directors. Therefore, the board must address sustainability at a strategic level. Elkington (2006) discusses the increasing role of sustainability in corporate governance at the board level. According to him, the board's corporate governance framework provides processes that the board must adhere to in order to fulfill its responsibilities to shareholders and stakeholders. Albino et al. (2009) found that 50% of the companies in their study focused on sustainability-related factors. Ukko et al. (2022) discovered that a commitment to sustainability increases the value of the company. Recently, various social and environmental processes have been emphasized in corporate governance guidelines (Ernst & Young, 2021).

Stakeholder theory is the most commonly used theory applied to CSR (Sen & Cowley, 2013). According to stakeholder theory, a stakeholder is any individual or group affected by the company's achievements (Freeman, 2010). Companies may have interests toward all these stakeholders, but greater attention is typically given to stakeholders who control critical resources from the company's point of view (Pfeffer & Salancik, 2003). In real-life situations, companies must balance multiple stakeholders' interests. This may serve as a trigger for the company and its board to focus on sustainability activities (Radu & Snaili, 2021). The board's role is critical in stakeholder theory, since it balances the interests of multiple stakeholders in a way that is best for the company's success in both the short and long term (Rajan & Zingales, 1998). Because of this, the board's role is important in the company's sustainability efforts.

Another corporate sustainability-related theory is called the triple bottom line theory. The triple bottom line is a concept that expands the notion of responsibility to cover not only company profits but also the Earth and humans. The triple bottom line stands for three parties: profit, planet, and people. The theory's principle idea is that companies must make decisions which are not only good for their profit, but also both ecologically and socially acceptable. These parties can be seen as stakeholders according to the stakeholder theory. (Żak, 2015). The description of bottomline comes from company balance sheet where profit and loss account is at the bottom. Similarly another bottom line is the "people" account and the third “planet” account (Hindle, 2008). The concept of triple bottom line helps companies to look additional values on top of their economic value generation. Triple bottom line is often discussed together with the corporate social responsibility, which describes the one bottom line of the triple bottom line concept.

3.2 Corporate social responsibility

Corporate Social Responsibility (CSR) is a phenomenon that describes a company's responsibility. In this research, the terms "company," "corporation," and “firm” are all used interchangeably to refer to the organization. The key focus of this study is on board-level responsibility and performance; however, since the concept of board-level responsibility is based on corporate social responsibility, CSR is covered in this chapter before defining board-level responsibility in subsequent sections.

CSR has been described by Douglas et al. (2004) as the obligation of companies to pursue policies and make decisions that reflect the objectives and values of society. Additionally, it includes actions that are compatible with established goals. The fundamental assumption is that companies’ economic and legal duties should be expanded to fulfill responsibilities to society (McGuire, 1963). It is important to note that although the 'S' in CSR stands for social, it encompasses all responsibility-related items (Carroll, 2018). Thus, CSR should not be confused with the social responsibility component of ESG.

The European Commission defines CSR as a “concept whereby companies integrate social and environmental concerns into their business operations and interactions with their stakeholders on a voluntary basis” (Commission of the European Communities, 2001). The United Nations (2024) describes CSR as covering the following areas within the company context: “environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, workforce standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures”.

According to Baumgartner & Ebner’s model (2010), in a corporate environment, social responsibility can be divided into two categories: internal social aspects and external social aspects. Internal aspects include corporate governance, motivation and incentives, health and safety, and human capital development. External factors encompass ethical behavior, human rights, avoidance of controversial activities, anti-corruption, and corporate citizenship.

Corporate social responsibility is not a new phenomenon. Friedman (1962) already had radical thoughts at the time that a company's only purpose is not to make as much money as possible, but rather to support a free society. In 1979, Carroll categorized social responsibility into four types: economic, legal, ethical, and discretionary expectations from society.

As can be seen, the concept of CSR hasn't changed significantly over the decades, but its importance has grown in public discourse. Lougee & Wallace (2008) researched the trend of CSR. According to their findings, companies have increased their CSR activities and commitments. Furthermore, interest in CSR has grown over the years, thus expanding the range of factors considered to influence CSR.

3.3 Corporate social performance

When social sustainability phenomena are quantified or made comparable, they transform into social performance (Artiach et al., 2010). Corporate Social Performance (CSP) is a quantified or measured corporate social responsibility. This section outlines how companies' social performance has been measured and evaluated historically and discusses the anticipated effects of varying CSP levels on organizations. Additionally, it addresses the challenges encountered in measuring CSP.

CSP evaluates companies' outcomes across economic, environmental, social, and governance factors. The objective is to understand how companies integrate and implement these factors into their operations and to ascertain their impact on the environment and society (Artiach et al., 2010).

CSP is increasingly gaining attention among companies as a measure of the extent of a company's social responsibility activities. Carroll (2018) elucidates the relationship between CSR and CSP by stating that effective CSR actions should lead to demonstrable CSP; otherwise, the CSR activities are ineffective.

CSP can be viewed from various perspectives. Muller & Kolk (2010) categorize CSP into intrinsic and extrinsic factors. Intrinsic factors relate to the company's internal environment and include firm characteristics (Cheung et al., 2013), leadership by the CEO and top management (Tang et al., 2015), the influence of middle management (Tuppura et al., 2013), employee roles (Wong et al., 2017), innovation (Rothenberg et al., 2017), and the role of the board of directors (Francoeur et al., 2019).

Extrinsic factors encompass the impact of external stakeholders on CSP, including investor-related issues (Busch and Friede, 2018), ownership-related factors (Labelle et al., 2018), methods of measuring CSP (Chen et al., 2015), and influences from customers and consumers (Isfianadewi and Mahdi, 2018).

Some researchers have identified a relationship between financial performance and CSP, arguing that the benefits of CSP investments exceed the costs (Barnett, 2005). These investments lead to higher employee satisfaction, better relationships with financial institutions, enhanced access to capital, and improved government relations, thereby boosting financial performance. Alternatively, Clarkson et al. (2006) suggest that high CSP enhances a firm's financial performance because such firms possess superior resources enabling CSP investment.

Conversely, some argue that high CSP can deter investors as it signifies that funds are being allocated to stakeholders rather than to investors themselves (Barnett, 2005). Ullmann (1985) contends that the relationship between CSP and financial performance is complex, making it difficult to establish a clear correlation.

Artiach et al. (2010) found that a firm's growth potential is significantly associated with its CSP, noting that companies with higher CSP were more profitable and demonstrated greater product differentiation and innovativeness. However, they observed that only companies with high shareholder returns, such as high return on equity (ROE), could achieve high CSP. Those with high return on assets (ROA) did not achieve similarly high CSP. Tang et al. (2012) argue that a company's CSR strategy influences CSP, suggesting the connection is not solely driven by financial metrics.

Artiach et al. (2010) also suggest that top management, including the board of directors, should be incentivized to pursue high CSP, noting that larger firms tend to have higher CSP. Furthermore, a meta-study by Busch & Friede (2018) confirmed a correlation between CSP and corporate financial performance (CFP), based on an analysis of 25 previous studies.

As a result, the findings regarding the correlation between Corporate Social Performance (CSP) and corporate performance are widely discussed, but the results remain somewhat controversial. However, more studies show that high CSP is correlated with high corporate financial performance. At the very least, top management and investors should be motivated to invest in CSP to improve the company's financial performance by increasing its Return on Equity (ROE) (Busch & Friede, 2018). Dorfleitner et al. (2015) challenge this viewpoint, arguing that many CSP indicators measure past performance and do not account for how environmental issues will evolve in the future. Thus, they argue that investors are not only concerned with current CSP scores but also how these scores will develop in the future. By enhancing the company’s sustainability, it could be possible to add value to the company.

Measuring CSP is not straightforward and is causing discussions among researchers. Different ways to measure CSP have been extensively discussed in previous studies. However, CSP measurements are not the key focus of this study, and thus the CSP indicators and measurement methods are only briefly covered here because CSP indicators are not used as part of the research. This text provides just a brief introduction to CSP measurements and the challenges of measuring CSP.

Artiach et al. (2010) argue that there are no standard ways to measure CSP, making it challenging to compare findings from previous studies. Herbohn et al.

(2014) suggest that companies' sustainability activities are not easily observable, posing a methodological challenge in measurement. Since measuring CSP is not significant from this study's perspective, the various methods and tools for measuring CSP are only briefly mentioned here. The remainder of this section focuses on the general challenges of measuring CSP.

Ebner & Baumgartner (2006) point out that the main challenge lies in the varying definitions and descriptions of terms related to corporate sustainability, which complicates aligning research projects in the same direction. Naciti et al. (2021) explain the challenges of measuring sustainability by stating that quantifying the overall results of sustainable strategies often involves intangible assets. For example, product quality, brand reliability, and corporate image may have improved. Zhang (2012) argued that one of the most widely used CSP indices is the KLD index. Turunen (2021) researched the net impact method as a tool to measure the relationship between social performance. The net impact method can be argued to be a more comprehensive sustainability measurement method than traditional CSP indicators since it accounts for the sum of costs and benefits the company creates.

CSP indicators have certain challenges. For example, companies may receive high scores from the indicators even though their products or services are not very socially sustainable, such as companies dealing with tobacco, alcohol, weapons, and gambling (Dorfleitner et al., 2015). Chatterji & Toffel (2010) argue that the main challenge with CSP indicators is that there is no detailed agreement on precisely how to assess CSP. Dorfleitner et al. (2015) compare different sustainability ratings and find that each scoring system provides different values, particularly in the social pillar of responsibility. Similarly, Halbritter & Dorfleitner (2015) highlight the importance of comparing multiple sustainability indicators rather than focusing on just one, as the results vary between different indicators. Bahurmoz (2020) criticises the CSP index for primarily using secondary data, which makes it relatively difficult to compare companies' CSP.

When researchers have listed different factors affecting CSP, Harjoto et al. (2018) used seven categories to measure CSP: community, diversity, employee relations, environment, product characteristics, corporate governance, and human rights. As can be seen, many researchers are adding multiple different items to CSP indicators and measurements.

Iteration-based indicators have a bias problem. CSP ratings are often used in the boardroom decision-making process. According to Chatterji & Toffel (2010), directors react and adjust their behavior when they know they are being rated. In addition, there are now regulations governing access to CSP-related metrics.

This section provided a background on how CSR and CSP are examined and discussed in previous research. This study focuses on board-level sustainability and sustainable performance, which is described next in the following section.

3.4 Board social responsibility

The focus of this study is on board-level responsibility, rather than typical corporate-level responsibility. It introduces new terms to define the phenomenon: Board Social Responsibility (BSR) and Board Social Performance (BSP). This section concentrates on BSR, while BSP will be discussed in the following section.

BSR describes the same phenomenon as CSR but, instead of at the company level like CSR, BSR is concerned with the board level. Therefore, it is essential to understand the concepts of CSR and CSP to grasp the meanings of BSR and BSP.

Sheehy (2014) argues that there is no generally accepted and defined definition of CSR. Similarly, Dahlsrud (2008) contends that there is no unbiased definition of CSR. It is argued that CSR describes responsibility-related activities and items at the organizational level (Sheehy, 2014; Dahlsrud, 2008). In the business environment, organizational level typically means company level, and therefore CSR describes company-wide responsibility. Wood (2010) also highlighted that there is a lack of theoretical description for both CSR and CSP. Consequently, BSR is defined in relation to CSR.

As the concept of BSR follows that of CSR, it merely changes the level of observation from organizational to team level. This shift in observation level is the significant difference between the two terms.

In other words, BSR describes how the board itself perceives and understands social responsibility. This means that BSR is an average of individual board members' thoughts and views towards responsibility. It is formed within a board team among individual board members. Typically, social responsibility is discussed from the company's perspective. BSR and BSP describe the same phenomena as CSR and CSP but at the board level. This different organizational level is the main difference between the terms CSR and BSR.

The term BSR, board's social responsibility, is new to the academic world and is therefore carefully defined here. BSR examines how boards make decisions on responsibility-related items and how board members handle responsibility issues during board meetings.

Clark & Grantham (2012) attempted to address the lack of a clear definition of CSR by presenting the concept of Corporate Social Irresponsibility (CSI). In their approach, they described CSI as a contrasting version of CSR to circumvent the challenge of CSR's undefined nature. This illustrates the challenge of clearly defining CSR and therefore the challenge of defining BSR is addressed by defining it through CSR.

Thus, the definition of BSR developed in this section of the study, and which will be used throughout unless otherwise stated, is as follows: Board social responsibility describes board sustainability and responsibility at the board level, in the same way, CSR describes the phenomenon at the organizational level of the company.

This definition implies that BSR explains how the board itself sees, understands, and discusses social responsibility issues. The term covers the board's work and its responsibilities both inside and outside board meetings. Currently, there are no measurable approaches to BSR. As a result, it is primarily assessed by board members themselves.

The term BSR can be used, for example, when directors of different companies communicate how they discuss responsibility issues with their boards. For instance, some companies may only talk about their environmental footprint, while other boards also focus on the company's handprint at a strategic level. Another example is if social responsibility is not highly valued in the boardroom, board members may feel under pressure to add social responsibility-related items or topics to the board agenda and discussions. In this case, it could be said that BSR faces challenges within that board.

Often, the most crucial decisions affecting CSR are made by the board, as the board approves the company's strategy and allocates resources (Endrikat et al., 2020). Therefore, assessing BSR now may predict improved or developed CSR in the future.

The concept of Board Social Responsibility (BSR) is essential because discussions on Corporate Social Responsibility (CSR) often focus on activities decided in the past. The board of directors, however, focuses on the future (Virtanen & Salminen, 2021), which means their view and activities based on CSR differ from traditional CSR approaches. Additionally, the board’s role in CSR is unique, as they have decision-making power over strategy and also approve the company’s values and future objectives (Rao & Tilt, 2016). Even though shareholders implement their will by selecting preferred board members, the board adopts a strategic approach to CSR, concentrating on company-level items required for the long term (The MBA Institute, 2024). Compared to middle management, the board’s view of CSR is more strategic and long-term focused.

In this study, BSR defines the board’s perception of CSR, meaning it reflects the board team’s collective view on CSR. A board team is composed of individuals who may each have different views on CSR. Since the board acts as a team, the individuals’ opinions and views are amalgamated to create a team-level perspective (Bainbridge, 2002). In the context of the board, this team-level view of responsibility is referred to as BSR.

The board’s view is a mixture of individual opinions and views. These are formulated by the members themselves, which are then discussed and debated within the board team (Bainbridge, 2002). In this way, BSR is shaped by the views, opinions, and thoughts of individual board members. CSR is a company-level phenomenon created from past activities and decisions. Improving BSR is required to enhance the company's CSR due to the strategic role of the board.

From a practical standpoint, when CSR changes are foreseen and evaluated, the board plays a crucial role in enhancing company-level CSR. Thus, understanding BSR is vital as it may provide insight into how individuals on the board are collectively willing to change the CSR of the company. Changes in BSR should occur before changes in CSR are possible.

It is also important to understand what BSR is not. It is not a general description of sustainability at the team level, as the role of the board team in the corporate context is unique compared to other teams in the company, such as the management team or the marketing team. The personal liability of the board member, the responsibilities of the board and board's role in approving strategy and guiding the CEO make it a unique team in the corporate environment. It is also the only entity that is legally required in all companies in Finland according to the Finnish Companies Act.

3.5 Board social performance

When CSR becomes a measurable or comparable phenomenon, it transforms into CSP. Similarly, when BSR becomes measurable and comparable, it evolves into Board Social Performance (BSP). When the board addresses issues related to BSR effectively, these should lead to BSP; otherwise, BSR is considered ineffective.

Similar to how BSR was conceptualized through CSR, BSP is defined through CSP. Board Social Performance is a measurable and comparable form of BSR, just as CSP is for CSR. The primary distinction lies in the level of organizational structure observed: CSP measures organizational-level performance while BSP assesses board team-level performance.

The role of the board in corporate social performance has been explored in studies such as those by Ullah et al. (2019), Jaturat et al. (2021), and Chareonwongsak (2017). Jaturat et al. (2021) focused on how board members' motivational interests or board diversity variables affect CSP, finding that CSP was higher in companies with women on the board. Since the board makes future-oriented decisions (Pearce & Zahra, 1992), high CSP currently observed can often be attributed to the board's past activities and decisions (Rao & Tilt, 2016). Previous studies have primarily focused on the effect of board structure on current CSP. However, decisions made by the board typically impact the firm's future long-term (Useem, 2006), suggesting that current high CSP might also result from previous board decisions. Thus, the influence of the current board on CSP could be questioned. To assess potential changes in CSP, BSP should be evaluated.

The connection between BSR and CSR can also be argued through corporate law in Finland, which mandates the board's responsibility to ensure equal treatment of all shareholders and to manage the company's best interests. Preferences of individual owners should not supersede others', and the board's duty is to manage and ensure the general interests of the company owners are prioritized. Therefore, effective board performance is likely to lead to higher organizational performance. Based on this logic, high BSP is expected to result in higher CSP in the future.

Another logic supporting the role of board performance in company-level performance is presented by Smaili et al. (2022). They researched the connection between board performance and a company's decision to disclose cybersecurity information. According to their findings, board performance is positively connected to information security disclosures. This supports the notion that board-level performance affects company-level activities.

In other words, the better the board (BSP) manages the company, the more effective the company-level activities (CSP) are expected to be, thereby strengthening the correlation between BSP and CSP.

The concept of BSP can be critiqued based on previous research. Since BSP is currently assessed by the board itself, its reliability may be questioned. Salonen (2016) argues that boards do not evaluate themselves accurately, particularly in the long term, suggesting that self-evaluation is beneficial for increasing board awareness of its own performance.

Another critical point in distinguishing BSR from CSR involves determining the demarcation between the two. According to Finnish company law, the board must make decisions that are in the best interest of the company. Additionally, the board agrees on and adheres to the company's strategy and makes crucial decisions regarding the company. Consequently, it can be argued that good CSP is a direct result of effective BSP. However, as noted earlier, BSP assesses how the board handles CSR issues within board meetings, rather than evaluating the outcomes of its decisions from a CSR perspective.

This study focuses on the terms and concepts of BSR and BSP. The effects of board members' motivation on BSP and the impact of board diversity on BSP are explored. Additionally, various moderating factors in relation to BSP are examined.

4 Motivation of Board Members

Directors prefer to make decisions about issues that interest them. Therefore, the motivational factors of the board influence the topics that the board advances. Additionally, the role of the board has evolved towards a more active approach. This is particularly evident as board members are increasingly taking proactive and self-directed roles (Nadler, 2004).

This chapter on motivation begins with an introduction to motivation theory, as it is one of the key theories related to this subject. The second part explains agency theory, which describes the differing motivations and goals between the company's owners and its managers. The third part focuses on the motivation of the board of directors, considering their motivation from the perspective of top management, where the emphasis is more work-related. The penultimate section discusses how rewards influence motivation. The chapter concludes with a summary that links rewards, motivation, and decision-making.

4.1 Motivation theory

Research shows that the more motivated employees are, the more satisfied and productive they become (Katzell et al., 1990). The same has been observed for boards of directors (Silva, 2005). Transforming people's motivation into better outcomes leads to improved performance. Better job performance leads to better financial results for the organization (McGregor & Doshi, 2015).

But what is motivation? Locke et al. (2004) described the concept of motivation as referring to internal factors that drive action and external factors that can act as incentives for action.

People's motivation to work has evolved over time. Katzell et al. (1990) summarized that environmental and demographic changes have influenced what people want from their work and careers. Traditionally, motivation was conceptualized through the "carrots and sticks" model, created by Taylor in the early 1900s. However, while rewards and feedback continue to significantly impact work motivation, the importance of self-efficacy in motivation has grown (Locke et al., 2004). A theory of motivation has been developed to explain what influences a person's motivation.

Katzell et al. (1990) divided motivation into two categories:

1. Exogenous causes (factors that can be influenced by the decision-maker).
2. Endogenous processes (factors that the individual can influence).

Employment settings are set by the organization and include elements like incentives, rewards, group behavior, or the choice of leader. Exogenous theories help explain the dynamics in motivation and can be subdivided into seven motivational imperatives: Personal Motives and Values, Incentives and Rewards, Reinforcement, Goal Theory, Personal and Material Resources, Social and Group Factors, and Socio-Technical Systems. Endogenous processes, influenced by exogenous variables, include expectations and attitudes. Endogenous theories suggest action levers that can influence work motivation. (Katzell et al., 1990)

Motivation has also been studied from the perspective of how various factors affect it: each factor either increases or decreases motivation for an individual or a team (McGregor & Doshi, 2015; Boivie et al., 2012).

McGregor & Doshi (2015) categorized work motivation into factors that increase motivation—play, purpose, and potential—and factors that reduce motivation—emotional pressure, economic pressure, and inertia. These factors directly or indirectly affect work, respectively termed direct and indirect motives. Using these factors, McGregor & Doshi developed a 'total motivation score' for each team.

Similarly, Boivie et al. (2012) identified factors that increased motivation—prestige, influence, and commitment—and demotivating factors—busyness, reputation, and financial risk. In their study, McGregor and Doshi focused specifically on employee level motivation, while Boivie et al. explored board level motivation.

While both McGregor & Doshi and Boivie et al. describe motivation in terms of motivational factors, Katzell et al. argue that job performance depends on factors related to motivation. However, job design, resources, and the manner in which work is carried out also affect motivation and performance (Katzell et al., 1990).

Managerial motivation has also been a subject of study. Miner (1978) described managerial motivation using role motivation theory, which is based on bureaucratic motivation theory.

According to role motivation theory, there are six key elements to a manager's motivation:

1. The manager must behave positively towards his superior.
2. There is competition built into management work.
3. Managers should take responsibility, make decisions and protect members of the group.
4. Managers must direct and supervise subordinates.

5. The leader's role is highly visible and the person should stand out from the group.
6. Manager must enjoy administrative tasks.

Miner's theory explains why certain individuals are more likely to seek managerial roles, while others may pursue different career paths.

4.2 Agency theory

Corporate governance research focusing on the board of directors has concentrated on three theories: agency theory, stakeholder theory, and social capital theory (Naciti et al., 2021). Agency theory is particularly relevant because it describes a principal-agent relationship between shareholders and the board.

Stakeholder theory explains how a firm's activities and outcomes impact its stakeholders. Given that board members can be internal, external, or independent, their roles differ from typical stakeholder perspectives. Stakeholder theory is presented already in detail in section 3 Sustainability in the Corporate Governance. In this section stakeholder theory is not covered as this research views directors primarily as directors rather than stakeholders of the company (Hillman et al., 2001).

Social capital theory describes how individual relationships contribute to the creation of a network's structural assets. This theory posits that social structures form networks that enhance or, occasionally, detract from network value. Since every individual possesses unique social capital, resources are inherently unequal. This theory is more relevant to the board's external networks rather than their motivations or activities within the board, and thus will not be discussed in detail in this study (Häuberer, 2010).

Agency theory deals with relationships where a principal delegates tasks to an agent who executes these tasks. This relationship often leads to conflicts due to differing goals and risk tolerances between the parties (Eisenhardt, 1989). Bonazzi & Islam (2007) argue that both agents and principals act to optimize share value. Eisenhardt (1989) adds that differing motivations and ideas about risk sharing can lead to significant conflicts. Similarly, Li (1994) observes that risk-sharing challenges occur when the parties have different attitudes towards risk, which can partially diverge the goals of the agent and the principal. Agency theory involves a trade-off between risk and reward, particularly in a corporate environment where risk pertains to uncertainties about the future.

Agency problems arise when it is difficult or costly for the principal to monitor the agent's performance (Eisenhardt, 1989). Interestingly, Bonazzi & Islam (2007) viewed the board not as an agent but in a reversed capacity where the agency problem stems from the board monitoring the CEO. Conversely, Bathala et al. (1995)

recognize the board's significant monitoring role, thereby mitigating agency conflicts between owners and top management.

Practically, agency theory seeks to determine the most efficient contract type between the principal and the agent, considering individual differences, organizational contexts, and information asymmetry. Contracts are typically behavior-oriented, including salaries and hierarchical management, or outcome-oriented, such as commissions, stock options, and market governance tools (Eisenhardt, 1989). The board's role is to reduce the owners' agency costs and safeguard shareholders' interests (Li, 1994).

In the context of the board of directors, the agency problem arises between the owner of the company (principal) and the CEO of the company (agent). The board of directors is selected to control these agency conflicts. (Rutherford, 1994)

Drymiotes et al. (2008) highlight that it is not always apparent that boards, owners, and managers share the same interests. Thus, agency problems and differing interests impact the decision-making of the parties. The agency problem can occur between shareholders (principal) and the board (agent), as well as between the board (principal) and managers (agents). To mitigate the agency problem, the board and managers should share the same performance metrics for both roles.

Li (1994) also suggests that as managers increase their ownership stakes, their interests align more closely with those of shareholders. This alignment is crucial in designing rewards and incentives to minimize agency conflicts. Bathala et al. (1995) advise weighing the costs and benefits of various agency-reducing mechanisms before implementation. Generally, such decisions are the prerogative of the board, enhancing its value and influence on long-term company performance.

Agency theory also explores motivational aspects. Bettenhausen & Kosnik (1992) provide mixed evidence regarding the motivational impact of compensation, equity, board control, and labor market competition on reducing opportunistic behavior among directors and managers.

In summary, agency theory is crucial for understanding the motivations of the board of directors, as it elucidates the dynamics between compensation and director behavior, helping to address various agency conflicts.

4.3 Work motivation

Board members are not employed by the company as employees, but they are compensated for their work on its behalf. For board members, the work in the board constitutes their professional work, even though they typically serve multiple companies. As the role of the board includes work-related factors, this literature review briefly discusses work motivation.

Locke et al. (2004) argue that motivation research should extend from the individual to the team level, as conflicts between personalities, and differing values and goals, can significantly affect an individual's motivation. These conflicts arise among people. Rajagopalan & Finkelstein (1992) found that companies attempt to enhance top management motivation through appropriate reward systems, which include the right amount, type, and mix of rewards to ensure individuals are recognized for their efforts. They suggest that reward systems are crucial for influencing management motivation.

Combining agency and stewardship theories suggests that directors have a self-interest in acting in the best interests of the company and the organization they serve. Beyond the rewards and penalties of agency theory, stewardship theory introduces the concept that individuals find their roles fulfilling and intrinsically motivating (Locke et al., 2004). This perspective was employed by Rosen and Weaver (1960) when they investigated what factors managers found motivating at work. Their findings indicated the most significant motivating factors for management were:

- The opportunity to discuss problems with their supervisor.
- Clarity about whose directives they must follow.
- Awareness of company plans that impact their work and position.
- Involvement in decision-making processes that affect their role or department.
- Adequate authority to fulfill their responsibilities.

Board of directors evaluate whether they are satisfied with management’s performance. Similarly, owners evaluate whether they are satisfied with the board's performance. Due to this connection, it is the board's duty to ensure that management's interests align with the board's interests. It is typical in the company environment that if the performance is poor, it is often explained by external factors. This is because the top management team aims for good performance, but external factors may prevent the realization of these goals (Clapham & Schwenk, 1991).

As the board operates under the company's owners, it is likely that factors motivating managers also motivate board members. McGregor & Doshi (2015) highlight that company culture significantly influences employee motivation, suggesting that culture comprises processes that affect overall motivation. They found that leadership is the most critical factor affecting employee motivation. Could this also apply to board operations? Although there is no direct supervisor for board members, the company's owners monitor the board's performance and provide guidance on their expectations and desires for the company. Could the owners' clear vision and directives serve as significant motivational factors for the board?

It is evident that the board works for the company, though they are not typically viewed as employees. Whether employee motivation theories are applicable to board members remains uncertain. However, it would be interesting to research, if especially board professionals, who make their living working in the boards, could their motivation be driven by similar factors as those motivating regular employees and managers.

4.4 The role of rewarding in motivation

Locke et al. (2004) found that goals influence people's willingness to take risks when making decisions. When a company rewards high performance, it ensures high production effort (Drymiotes et al., 2008). Top management and regular employees differ in their motivations and interests: top management is more motivated by income significance than pay security. In contrast, regular employees typically value security over potential high financial rewards (Rosen & Weaver, 1960). However, research shows that financial motivation may not be the primary source of motivation for employees. McGregor & Doshi (2015) argue that financial rewards become motivating only when an individual does not believe in what they are doing. According to them other motivation factors are more important than the rest.

Boivie et al. (2012) assert that members of the top management team are motivated by more than financial rewards; they also value the opportunity to belong to influential groups such as the board and management team. This belonging is positively correlated with their motivation to serve. Similarly, Drymiotes et al. (2008) find that enhancing advisory roles for board members improves their monitoring efficiency and increases the expected firm performance. Thus, it's not only rewards, but also the sense of purpose and the opportunity to make a difference that enhance the performance of the top management team.

Based on Drymiotes' research, these improvements cannot be achieved if the board's advisory and monitoring contributions are not acknowledged. Gomez & Russell (2005) argue similarly that board members expect to be re-elected if they perform well, thereby enhancing their reputation.

According to Rajagopalan & Finkelstein (1992) companies with more discretionary strategic orientations tend to offer more performance-based and cash-based reward programs than those with fewer strategic options. Likewise, companies in rapidly changing environments offer more pay-for-performance plans than those in stable environments. They categorized the considerations in reward planning into four categories based on the firm's situation:

1. Multiple options in decision-making,
2. Programmability of behavior,

3. Ambiguity in the cause-effect relationship,
4. Outcome uncertainty.

They emphasizes that these components together create the optimal reward model for the firm, balancing monitoring costs and management risk.

Chareonwongsak (2017) noted that the financial rewards of board work might be low relative to an individual's other work, but board members are usually aware of this when they accept the board position. While reward does not necessarily increase a board member's motivation, it is important to note that inadequate rewards could demotivate them from serving on the board.

Rewards can also be used to mitigate agency problems between shareholders and the board. Drymiotes et al. (2008) suggest that boards should be compensated with equity to align their interests with those of the shareholders for long-term growth. Silva (2005) concurs, finding that aligning top management's compensation with firm performance aligns interests between shareholders and management. Silva also observed that more quantitative measures were used for the CEO when the board had an equity stake in the company.

Rajagopalan & Finkelstein (1992) suggest that executive compensation should include both performance and behavioral components. Reward significantly affects board member motivation, and Silva found that board member motivation and quantitative CEO evaluation are positively related. Moreover, he suggests that board equity ownership helps align shareholder and board interests. Interestingly, Silva (2005) found that increasing board members' pay did not increase their use of qualitative measures in CEO evaluation, but it did decrease their reliance on quantitative factors.

4.5 Relationship between rewarding, motivation and decision making

The motivation of the board affects the decisions they make (Chareonwongsak, 2017). Locke et al. (2004) note that dysfunctional thinking affects decision-making in both scenarios: when a company is performing well and when it is performing poorly. They also emphasize that optimism in decision-making can be cultivated. It's crucial that the board provides proper guidance and input, as a manager's outstanding performance has the potential to create significant value for shareholders.

Locke et al. (2004) remind us that although rewards and goal orientations are closely tied to motivation and decision-making, individuals still actively influence how they respond to different situations. This is because people create, choose, and modify situations. Motivation and goal setting play a significant role in decision-making: according to Locke’s research, a high goal accelerates cognitive processes.

While companies may be inclined to make decisions with the long-term future in mind, they need to recognize that without addressing short-term needs, there can be no long-term. (Locke et al., 2004). Therefore, it is vital to strike a balance between short-term and long-term decision-making.

The decisions made by the board affect its performance, and in turn, the board's performance influences how satisfied shareholders are with the board. Shareholders have the authority to remove directors. Boivie et al. (2012) challenge the notion that board and director departures are always involuntary. They argue that most departures from the board are voluntary or mutually agreed upon.

Chareonwongsak (2017) concurs that board studies often expect boards to be motivated to protect the firm's owners from the opportunistic behavior of managers. According to their research, external board members are more motivated to safeguard the interests of owners compared to internal board members. This is why modern corporate governance practices recommend a higher proportion of external to internal board members. Similarly, Silva (2005) argued that external board members are more effective at monitoring shareholders' interests.

Chareonwongsak (2017) identified four key strategies to enhance the motivation of board members, ensuring that they make the best decisions for the company. The four practical recommendations were:

- Develop a board evaluation and reward system,
- Create a board succession plan,
- Invest in new board member orientation,
- Promote good governance.

Board performance indicators and measures should be aligned with specific equity awards for the board. These equity awards will address potential commitment issues. They suggest that even if it leads to higher compensation costs in the short term, it is essential to ensure that the board finds short-term performance appealing. However, rewarding short-term success poses a risk that management may engage in performance manipulation, such as earnings management. (Drymiotes et al., 2008)

4.6 Board of directors' motivation

Board members need to possess certain knowledge and skills, but that is not all; they also need to be interested and motivated to use their skills (Forbes & Milliken, 1999). Boivie et al. (2012) questioned why someone who is already a highly paid, busy executive or professional would choose to serve on a board. Their study concluded that board members must receive some net benefit from serving on the board; otherwise, they would withdraw from the role. Thus, their motivation to serve is based on receiving more benefits than they contribute. Many studies have confirmed that board service offers more than just financial benefits.

The motivation of a company's board significantly impacts the board's performance (Chareonwongsak, 2017). Risk-taking and goals influence the strategic management of the firm, typically executed by the board. Boivie et al. (2012) explored why highly paid, busy executives choose to take up and continue serving on boards. They found that less motivated boards perform worse than more motivated boards because a lack of motivation leads to a passive board, which in turn results in ineffective monitoring (Boivie et al., 2012). Passive boards tend to evaluate the CEO less and rely more on qualitative performance indicators than quantitative ones (Rajagopalan & Finkelstein, 1992).

According to a literature review by Katzell et al. (1990), more challenging jobs are more motivating and satisfying than easier jobs. Typically, board work is seen as involving monitoring and contracting, but Drymiotes et al. (2008) added an advisory role to the board’s duties. Reporting and analyzing reports are important tasks for a board. The more detailed the board's report requirements are, the more accurate the reports will be, as respondents will be able to provide information more accurately (Locke et al., 2004).

Boivie et al. (2012) investigated the motivations for directors serving on boards, dividing their findings into intrinsic and extrinsic motivational factors. Intrinsic motivation factors for board service include autonomy, competence, and the ability to build social relationships. Extrinsic motivators for board work are related to compensation or fear, such as sanctions in the director’s market that occur if a director performs poorly. Chareonwongsak (2017) argued that external directors are particularly concerned with their reputations.

Researchers discussing these various categories and factors refer to total motivation, which is a combination of intrinsic and extrinsic motivations (Boivie et al., 2012).

Chareonwongsak (2017) views the motivational factors for board members differently, identifying key factors as:

- Instrumentality (compensation, transparency of evaluation process, and other direct benefits),
- Expectancy (decision-making process, authority and function, board composition, board size, board tenure, board structure, board meetings, CEO-chairperson duality, skills, support for board work),
- Wealth (financial status and burden).

Guerrero et al. (2014) argued that the leadership style of the board chair significantly affects motivation and commitment by creating a safety climate among the board, based on transparency and idea sharing. Furthermore, they found that an important aspect of building a board safety climate is a high-quality relationship between the chair and the CEO.

In addition to a safe decision-making environment, the board needs to receive feedback and see the impact of its work on the company. An important motivating factor for the board is that they are not just problem solvers; they also need to hear good news. In this way, board motivation and commitment can be maintained (Drymiotes et al., 2008).

Boivie et al. (2012) argued that the ability to influence, the prestige of being a board member, and identification as a director motivate directors to serve on the board. Conversely, demotivating factors include the time commitment required, especially for directors who are CEOs of another company or who hold multiple board positions. Silva (2005) also found that asking the board to make the most important decisions can increase their motivation.

The balance between independent and internal board members is not always straightforward. Drymiotes et al. (2008) argue that in some situations, it may be beneficial to have more insiders on the board, as it's easier to use their information for the board's benefit. However, insiders are less likely to monitor managers than outside directors. The less monitoring there is, the less likely managers are to share information with the board. According to Drymiotes et al. (2008), the better the exchange of information between management and the board, the better the investment decisions made by the board. Performance evaluation systems are the most important tools for boards to influence the effectiveness of monitoring.

Boivie et al. (2012) pointed out that it's not possible to research which board seat a member accepts or declines. Therefore, they investigate why board members decide to stay or leave the board they are currently on. Researchers should keep this in mind when planning their studies.

The legal environment also affects the behavior and motivation of board members. According to Finnish company law, the purpose of a company is to make a profit for its shareholders. Moreover, the board must prioritize the company's interests, meaning it cannot favor an individual shareholder if it is not in the best interest of the company (Finnish Company Law, 2006).

4.7 Motivation factors of board members

The focus of this study is to determine what motivates individual directors. In this section, the factors used in the survey study to collect information on the motivation of board members are described. Chareonwongsak (2017) developed a method to break down motivation into three elements: expectancy, valence, and instrumentality. This model is based on Vroom's (1964) expectancy theory, which explains motivation as a function of these categories. These categories were used to measure motivation in this study. Each motivation category is described separately below.

Expectancy

Expectancy is the perception of how an increase in effort will result in improved performance. It includes the individual's expectations regarding the professional support and resources that will be available (Serrano, 2015). Expectancy is formed when individuals consider how the task will be beneficial to them (Eccles and Wigfield, 2002). Expectancy influences sustainability interest through beliefs about capabilities and values. According to expectancy theory, if a person believes that sustainability is necessary for future success, this belief should drive their motivation, influencing their performance and persistence in related activities (Romero-Rodríguez et al., 2022).

Expectancy affects the board in various ways, impacting decision-making processes, board authority, function, composition, size, tenure, structure, meetings, CEO-chairperson duality, skills, and support (Chareonwongsak, 2017). Board members are likely to adopt a proactive and positive attitude toward content they find personally interesting and beneficial for their future (Romero-Rodríguez et al., 2022).

Valence

Valence refers to the value derived from the performance outcome (Serrano, 2015). A board member's experienced valence is influenced by the financial status and burden that board members gain from being part of the board (Chareonwongsak, 2017).

Valence is considered a positive motivational factor when individuals perceive significant rewards available, making them willing to exert more effort to achieve their goals than the outcome itself would suggest (Vroom, 1964). In board work, this can manifest when a board member is willing to invest more effort than the financial gain or benefit from that effort would warrant.

Valence influences directors' behavior by making them more willing to work towards goals they perceive as beneficial. Ciulla (2014) suggests that when directors hold high values towards sustainability, they are more likely to engage in sustainable behavior. Similarly, if directors value trust among their peers, they will be motivated to behave in ways that enhance this trust, leading to ethical and sustainable behavior (Caldwell et al., 2010). In this study, valence is measured by asking about people's expectations of receiving financial benefits if they put more effort into board work.

This approach was chosen because it is anticipated that changes in financial status will motivate people to act.

Instrumentality

Instrumentality describes the perceived benefits and advantages an individual receives as a result of their performance. It is strongly influenced by the transparency of the performance appraisal process and a person's understanding of the relationship between performance and outcome (Serrano, 2015). Instrumentality is driven by the belief that good performance will lead to specific outcomes and rewards (Osafo et al., 2021).

Instrumentality influences sustainability through ethical decision-making. Brown and Treviño (2006) argue that directors are more willing to work harder and maintain positive attitudes towards an organization when its culture is humane and healthy. Directors prefer to act in the best interest of the people and make good judgments rather than just following rules (Fortin & Fellenz, 2008). Osafo et al. (2021) emphasize that ethically and sustainably managed organizations inspire and motivate sustainable behavior.

Instrumentality affects the work of the board by simplifying the evaluation of board performance and increasing the transparency of the board member evaluation process. Additionally, direct rewards, benefits, and compensation influence the instrumentality of board members (Chareonwongsak, 2015). When the expected reward is high, individuals are likely to exert more effort to achieve their goals (Osafo et al., 2021). In Finland, typical rewards are either meeting-based or monthly-based. This poses a challenge from an instrumentality perspective because, according to Vroom (1964), effort invested in performance will increase if the monetary reward also increases. This may be one reason why directors in smaller companies are often given the opportunity to invest in company shares.

5 Board Characteristics and Diversity

The chapter begins with an explanation of role theory, as it is important to understand how board members operate in their roles when making decisions as board members. In addition to role theory, board performance is discussed from both a financial and a sustainability perspective, as this study examines sustainability in the boardroom. This chapter presents the survey variables theoretical backgrounds and how the variables have been found to relate to CSR, BSR and board member motivation in previous studies.

The motivation of board members and the demographics of the company are then presented before the characteristics of the board are discussed. After covering the board as a team and company demographics, individual board member characteristics are discussed. Each variable is explained in turn: first, how the variable relates to the board; second, how it relates to sustainability; and third, how it relates to board motivation. The final part of the chapter, which is the last part of the literature review, focuses on hypothesis development.

5.1 Role theory

The origin of role theory was invented in 1955 when Parsons and Bales described female and male roles. The division between roles was created by the task-oriented behaviour of men and the socio-emotional behaviour of women. Task-oriented behaviour can be called instrumental behaviour and socio-emotional behaviour can be called expressive behaviour. They also found that these roles at home are different from people's roles at work. Slowly, research has moved from gender roles to roles in different social groups (Koenig & Eagly, 2014).

Barnett (2014) describes that a person takes on different roles and behaves differently in different situations: a person's behaviour varies as a mother, an employee, a manager and a wife. She emphasises that different social situations in particular lead people to act and behave in different roles.

According to role theory, people's behaviour in certain situations is predictable based on their social position and other factors that influence the situation (Barnett, 2014). According to Barnett (2014), different roles affect their well-being. Pitromonaco et al (1986) found that people with multiple social roles had higher well-being than people with fewer roles. Specific roles also affect people's expectations of how they need to work and perform in that role. Thus, role stereotypes and a person's role in the social situation are related (Koenig & Eagly, 2014). Eagly & Wood (2012) highlights in their role theory research that it is highly interesting why for example different genders behave differently in some situations, but similarly in other situations. In their study they are explaining this with a role theory and different roles in different situations.

Dallas (2003) divided board role more detailed within the board. His list for board of directors roles were manager monitoring and shareholder relational role, broad relational role of board, strategic role of the board and rejection of service, strategy and control as description roles. This separation of different roles on team level in in the board describes that different roles are affecting person's behavior and decisions in different roles as an individual or as a team. Dallas also highlights that whether independent board members are truly independent from the company or if they have different roles, which may have conflicting or competing interests.

This research is conducted from the perspective of board roles. Therefore, it is possible that people's attitudes and thoughts about growth, motivation and sustainability may vary in different situations and roles. The board context influences people's responses and behavior, as described in role theory. For example, it may be that people's opinions and actions towards sustainability in a family situation may be different from their board role.

5.2 Board of directors' performance

Regardless of the situation or role, performance evaluation is relevant in a corporate context. Business evaluation can be either quantitative or qualitative. A company's performance evaluation can be divided into subgroups, all of which are evaluated separately before measuring the overall performance (Narkuniene & Ulbinaite, 2018). Since the board of directors plays a crucial role in the decision-making of the company, understanding their performance evaluation is essential.

Boards of directors ensure that the company operates in accordance with the will of the shareholders. They are an effective and optimal corporate governance tool to ensure that shareholders' intentions are followed, and that the company is developed in the direction the owners want. Owners seek to develop the company based on the skills of the directors and the top management team, often using the company's performance as an indicator (Bonazzi & Islam, 2007).

The structure of the top management team impacts firm performance. Norburn et al. (1988) found that high-performing companies have different managerial profiles than low-performing companies and that high-performing companies have similar board profiles across industries. Board performance is often assessed using accounting profitability or sales as key performance indicators. Hambrick et al. (1996) examined how management teams and boards influence firm performance by measuring financial development, including equity, assets, and profit generation.

Norburn et al. (1988) measured performance using three categories: size (sales), dynamism (sales and employee growth), and predictability (sales per employee). Bathala et al. (1995) included CEO tenure and institutional ownership as additional performance measures alongside traditional measures of growth and firm size. Company performance can also be measured by the ability to pay dividends to shareholders. Bathala et al. (1995) found that the proportion of outside directors is related to the firm's dividend payout ratio, leverage ratio, and the proportion of equity held by insiders.

Agency theory reminds us that although people work for organizations, their behavior is rooted in self-interest (Eisenhardt, 1989). Smith et al. (1994) found that high-performing teams are more responsive, flexible, use excellent problem-solving techniques, and are both more productive and efficient than low-performing teams. They suggest that a key difference is that high-performing teams operate like a clan, with little need for group maintenance.

As noted above, board performance affects company performance. However, it also works the other way around: company performance influences board activity. Li (1994) studied the behavior of boards toward CEOs when a company was performing poorly. He found that the higher the proportion of outside directors, the more likely the board was to replace the CEO after a period of poor performance. Additionally, the number of independent directors increased after a period of poor performance. Bathala et al. (1995) conclude their paper by suggesting that companies seeking optimal performance should not have a majority of independent directors on their boards, as independent directors are focusing to controlling agency conflicts.

Baysinger et al. (1985) describe that organizations should focus on aspects of board structure that are not covered by laws and corporate governance policies. These factors include the size, composition, and structure of the board, as well as the length, frequency, location, and structure of board meetings.

Many researchers have examined whether board size affects either firm or board performance. For example, Yermack (1995) examined whether small boards lead to higher market valuations for companies. Based on her research, companies with smaller boards perform better on financial measures and also have more significant CEO performance incentives and compensation programs. According to their research on US public companies, small boards typically have around six members, medium boards around 12 members, and large boards up to 24 members.

Nicholson (2010) uses a slightly different categorization of board size: less than 4 members (small), between 4 and 10 members (medium), and more than 10 members (large). The Australian Institute of Company Directors (2023) categorizes board size according to company size. For large listed companies, the categories are 8 to 12 directors; for medium listed companies, 6 to 8 directors; for small listed companies, 4 to 6 directors; for unlisted public companies, 4 to 8 directors; and for private companies, 1 to 4 directors.

Nicholson (2010) found that multi-industry firms tend to have larger boards than single-industry firms. Interestingly, Judge et al. (1992) found that when a company's organization is highly diversified (common in multi-industry companies), overall board involvement decreases.

Yermack (1995) found that as the size of the board increases, the challenges of communication and overwhelming decision-making increase. This may be the main reason why larger boards perform worse financially than smaller boards, particularly in terms of profitability and operating efficiency. Board size is also negatively associated with board commitment (Judge et al., 1992). Similarly, Afrifa & Tauringana (2015) found that larger boards have a negative impact on both small and medium-sized firms.

In addition to board size, Yermack (1995) investigated how changes in board size affect share value. Based on their research on 452 companies, they found that investors react positively when board size becomes smaller. Conversely, based on their research, companies' share prices decrease when board size increases. Ahern & Dittmar (2012) investigated how board changes due to legislation affect the company's share value. According to their findings in Norway, when each board was required to include at least one woman (previously there were no women on the board), the stock value decreased. The reason for this, they argue, is that the board should be chosen by the owners of the company without any restrictions or regulations.

Board effectiveness can partly be seen as the same as board performance. Based on the research of Drymiotes et al. (2008), the best way to measure board performance is to use the same measures and key performance indicators that are used to measure managers and directors. This is challenging from a board discussion perspective, as the board should focus on long-term challenges and opportunities rather than operational issues.

Ben-Amar & McIlkenny (2014) researched the effectiveness of boards in the context of environmental responsibility. They posited that effective boards align with the interests of shareholders. In their study, they linked board effectiveness to the volume of board reporting. While this may be relevant in large corporations, in smaller organizations, boards' reporting to the public is often limited.

Brown (2007) found that the key factor affecting board performance is the competence of its members. This competence is created and enhanced during the recruitment, orientation, and evaluation phases. The challenge in measuring board performance is to measure and translate individual-level activities into group-level performance. In his research, Brown found that there is a significant and positive correlation between perceptions of board member competencies and board performance.

Similarly, Torchia et al. (2015) found a correlation between board characteristics and firm performance. They measured board characteristics like board's diversity background, board personality diversity, board members' interactions, cognitive conflicts and creativity of the board. Thus, it's not just the role of the board member that affects performance. Board diversification has a significant positive effect on firm performance.

On the other hand, Heracleous (1999) in this review paper found that the personal competencies and characteristics of board members strongly influence the effectiveness of board members. Interestingly, Hillman (2005) suggests that board members should have connections and knowledge specific to the firm's environment, while Torchia (2015) suggests that broad board diversification is correlated with firm performance.

Torchia et al. (2015) examined the backgrounds and personalities of board members to understand the types of conflicts that might arise in the boardroom. They categorized these conflicts as follows:

- diversity
    - deep level (technical skills, socio-economic background, values, knowledge, beliefs and personality,…)
    - surface level (gender, age, education, …)
- creativity, and
- cognitive conflicts.

The diversity category was further divided into two sub-categories: deep level and surface level. Generally, deep-level factors are difficult to measure and may not be immediately visible. Their study found that the greater the deep-level diversity on the board, the higher the degree of creativity and cognitive conflict in the decision-making process. Moreover, diversification among individual board members positively affects the company's financial performance.

It appears that board structure and diversification have an impact on board performance, but there are other points of view. Judge et al (1992) argue that the active involvement of the board is important for the performance of the company and the board. Based on their research, the active involvement of the board is positively correlated with the financial performance of the company. Interestingly, the age of the company correlates with board involvement. Judge et al. discuss that the reason why board involvement increases with the age of the organisation is that the company goes through different challenges over time and these experiences develop the board's repertoire of skills. This may be one reason why, in practice, board members are often relatively old compared to active management teams.

It's not just the number of activities that affects board effectiveness. Nicholson et al (2010) found in their research that it's important for board effectiveness that the roles and relationships within the board are well understood and clear. They also found that it's important to distinguish the board's role from the roles of other directors and managers. Based on their research, the board's role in strategy was positively associated with board effectiveness.

To reduce political risk, some companies have selected politicians for their boards. In her research, Hillman found that politicians can affect the financial performance of the company, especially in highly regulated industries such as alcohol, tobacco or gambling (Hillman, 2005). Although outside directors do affect firm performance, Brickley et al. (1993) don't suggest that regulators should impose outside directors on firms.

Aras & Crowther (2008) did not find support for their hypotheses on the relationship between good corporate governance and a more sustainable company.

5.3 Characteristics & diversity of the board team

The board operates as a team, which means that the characteristics and diversity of its members significantly influence their decisions. This section outlines the board-level factors considered in this study.

Board diversity consists of several variables, each contributing to the overall diversity construct. This construct is assessed as a formative construct (Ararat et al., 2015), which means that the variables themselves create and define the construct, representing different aspects of diversity at the board level.

In some studies, the board is researched based on board characteristics. Board characteristics are variables such as CEO-chair duality, the CEO’s influence over the board, and the presence of independent directors on the board. These characteristics relate to the board members’ ability to provide increased access to additional resources (De Villiers et al., 2011). In contrast, board diversity describes how the differences among board members provide them with varied perspectives and ways to observe the world (Mishra & Jhunjhunwala, 2013). Board diversity variables are items that describe how the board members differ within the team and the extent to which an individual affects the board’s variability (Coffey & Wang, 1998). Thus, board diversity is a team-level variable that characterizes the diversity within the board team. When board diversity increases, the individuals in the board team are more different from each other’s than in the board where board diversity is lower.

Board size

Board size reflects the total number of members on the board (Khan & Baker, 2022). An increase in board size necessitates more robust corporate governance, which negatively impacts the board's ability to monitor management (Kieschnick & Moussawi, 2018). Conversely, larger boards reduce the likelihood of CEO dominance (Zahra & Pearce, 1989). Interestingly, Yermac (1996) discovered that companies with smaller boards tend to financially outperform those with larger boards.

The relationship between board size and CSR has also been examined. Rouf & Hossan (2020) found no correlation between board size and CSR. However, Said et al. (2009) and Alabdullah et al. (2019) observed a positive impact of larger board sizes on CSR disclosure, noting that larger boards tend to produce more CSR disclosures.

Furthermore, the influence of team size on motivation has been researched. Kameda et al. (1992) determined that 4-person teams were optimal for performance, which declined as team size increased or decreased. This study also revealed that larger teams saw a decrease in individual effort towards team tasks.

Gender diversity

Company boards are typically dominated in Finland by men (Statistics Finland, 2021). Gender diversity, referring to the number of women on the board, plays a crucial role in enhancing the environmental and social effectiveness of boards. According to McGuinness et al. (2017), having more than one gender on the board increases various perspectives, broadens the value base, introduces different ways of thinking about monitoring, and brings new ideas, talents, skills, and knowledge to the board. Jain and Jamali (2016) found that female directors have a positive impact on Corporate Social Performance (CSP). Women tend to focus more on ethical, social, and environmental issues compared to men. Terjesen et al. (2019) note that females improve corporate governance through enhanced monitoring and better attendance. Soares et al. (2011) and Liao et al. (2015) suggest that female presence on the board also boosts the non-financial and economic performance of companies, respectively. Additionally, women are better at managing stakeholder relationships and resources not directly controlled by the company, focusing on the company's social performance and building internal and external relationships (Galbreath, 2011).

Studies in both developed and developing countries show a positive correlation between female directors and corporate sustainability (Cordeiro et al., 2020; Khan et al., 2022). Gender role theory suggests that women are more empathetic than men, which influences empathy-driven reactions and decisions regarding corporate social responsibility issues (Boulouta, 2012).

Nationality Diversity

The international diversity of the board is measured by counting the number of non-Finnish directors on the board. An international board increases the board's attention to international standards (Fuente et al., 2017).

Ferrero et al. (2015) list various cultural perspectives, languages, experiences, and environments that should help board members improve their decision-making processes. Rao & Tilt (2016) also state that international board members can enhance the sustainability of companies by improving the quality of decisions related to environmental and social activities. Musa et al. (2020) found that increasing the number of foreign directors on the board boosts the sustainability of the company, although the effect is not significant.

Khan & Baker (2022) and Khan et al. (2013) observed a positive correlation between national diversity and corporate social responsibility. Conversely, Kang et al. (2019) found that directors from the US, UK, and other Anglo-American countries reduce the company's social responsibility. However, Harjoto et al. (2015) noted that directors from developed countries increased companies' social responsibility. Kang et al. (2019) also argued that Anglo-Americans with experience from non-Anglo-American countries enhanced companies' social responsibility. Lau et al. (2016) suggested that in developing markets, it may be beneficial to have board members with experience from more developed markets, where attention to sustainability has been a focus for a longer time.

CEO duality

It is possible for the same person to have multiple roles within a company. When the CEO also serves as the chairperson of the board, this is referred to as CEO duality. Research by Knockaert et al. (2015) indicates that this duality negatively impacts the service role of the board. According to agency theory, a CEO who is also the chairperson may act in their own interests rather than considering what is best for the company (Core et al., 1999). Additionally, when the CEO and chairperson roles are combined, governance structures tend to be weaker, leading to more flexible governance (Fama et al., 1994). CEO duality also adversely affects the firm’s environmental, social, and governance (ESG) performance. Romano et al. (2020) observed that the dual role negatively impacts ESG performance.

Naciti (2019) noted that a non-CEO chairperson tends to pay greater attention to the firm’s stakeholders, thereby enhancing transparency. Directors who engage more with stakeholders are often more proactive in promoting sustainable initiatives. Alabdullah et al. (2019) found a non-significant negative correlation between CEO duality and corporate social responsibility (CSR) disclosure, suggesting that when the CEO is also a board member, the company is more likely to disclose predominantly positive CSR information. Furthermore, CEO duality influences the roles of internal board members. Judge et al. (1992) observed that internal representatives are often reluctant to challenge the CEO’s opinions, and their contributions to the board may be limited if the CEO plays an active role on the board.

Board Independence

Board independence describes the relationship between board members and the ownership or management of the company. Independent board members are those who do not receive a salary from the company or are not significant owners (holding less than 5%) of the company (Hoitash, 2011). Five percent was chosen because it is a commonly used threshold in U.S. corporate law, where the Securities Exchange Act requires the disclosure of material information by anyone seeking to acquire more than 5 percent of a company's securities by direct purchase or tender offer (US Securities and Exchange Commission, 2023). In Finland companies can select themselves how they evaluate board member’s independence status. Public companies in Finland often have guidelines how they evaluate board’s independence.

In this survey, board independence is measured in two ways: whether the respondent is an independent director, and the total number of independent directors on the board. The independence status of a person is queried with a dummy variable of 1 and 0, indicating whether the person is independent or not. The independence of the board is assessed by the number of independent board members, as in the research by Amin et al. (2020).

Some researchers measure the number of external or outside directors on the board, while others focus solely on the number of insiders. Kieschnick & Moussawi (2018) argued that it is often easier to agree if the person is an inside board member than if the person is truly an independent board member. In this study, the number of independent board members is measured as this is a more common method of expressing board independence in Finland. Chintrakar et al. (2020) argue that the presence of independent board members makes companies less likely to overinvest in CSR activities, attributing this to better governance practices. According to them, the more independent directors on the board, the fewer CSR activities the company undertakes.

5.4 Characteristics of board member

This section describes the variables which were collected in the survey regarding to the demographic and diversity variables of individual board members.

Board member age and the impact of age diversity on the board

A person's age affects their contribution to a company's performance, particularly in terms of productivity and experience (Khan & Baker, 2022). Older directors often possess longer and richer experience (Handajani et al., 2014). In medium-sized firms, the age of the CEO affects firm performance, indicating that age influences an individual's ability to drive firm growth (Afrifa & Tauringana, 2015). Ferrero-Ferrero et al. (2012) found a correlation between the age diversity of the board and the social performance of the company. Conversely, Hafsi & Turgut (2013) identified a negative correlation between increased board age diversity and firm social performance. Khan & Barker (2022) also searched a correlation between board age diversity and company social performance. They found a correlation, but it wasn’t statistically significant.

Older individuals tend to have larger networks, providing them access to a greater amount of resources (Mishra & Jhunjhunwala, 2013). They also tend to focus more on social welfare than their younger counterparts (Hafsi & Turgut, 2013). Musa et al. (2020) discovered that the average age of the board is negatively correlated with companies' sustainability reporting.

On the other hand, younger directors tend to be more risk-taking, more flexible, and quicker to adopt the latest technologies (Khan & Baker, 2022). A mix of younger and older directors should increase board diversity and enhance group working synergies (Morrow-Howell et al., 2001). Post et al. (2011) observed that younger directors were more aware of and concerned about environmental issues, while Beji et al. (2020) found that older directors are more likely to make decisions based on their higher moral reasoning. Given the uncertainty about the significance of board age diversity, it is important to consider this factor in this study.

Educational background and diversity

Educational diversity describes the formal educational backgrounds of board members. The more diverse these backgrounds, the broader the range of knowledge brought to decision-making (Khan & Baker, 2022).

Educational diversity can be analyzed by tracking education levels (e.g., Khan & Baker, 2022) or by examining the fields of study (e.g., Mahadeo et al., 2012). Heterogeneous educational levels enable directors to access a wider information base and introduce new, innovative ideas into decision-making, which is crucial in today's complex business environment (Erthard et al., 2003).

The education and experience of directors significantly impact company performance (Hillman & Dalziel, 2003). Shahgholian (2017) notes that directors with higher education levels are more cognizant of environmental issues, which is vital for enhancing corporate sustainability. Harjoto & Laksmana (2018) argue that educational diversity enhances the decision-making efficiency of the board, particularly in terms of corporate social responsibility. In this study, it is evaluated whether educational background affects individual board members' motivation factors.

In this study, educational backgrounds are collected by asking respondents about their highest level of education, categorized into Finance, Consulting, Law, Management, and Other, following the method used by Khan & Baker (2022). Additionally, an engineering category has been included based on Rose (2007).

Level of education

Educational attainment influences an individual's cognitive abilities (Hsu et al., 2013). Higher cognitive abilities enhance a person's capacity for innovation and creativity (Milliken & Martins, 1996). Additionally, higher levels of education generally expand an individual's social networks (Hambrick & Mason, 1984).

From the perspective of innovation performance, a higher educational level within a team positively impacts performance (Valls et al., 2016). However, some studies, such as Mir-Babayev (2015), argue that there is no correlation between educational level and innovation performance. Conversely, Subramanian et al. (2016) suggest that this correlation may be negative. Katmon et al. (2017) explored the effect of board education level on corporate CSR in emerging markets and found no correlation between these two variables.

Wiyono (2016) examined the impact of education level on work motivation and also found no correlation.

Tenure Background

Tenure diversity refers to an individual's history with the company, encompassing both employment and board membership. In this study, tenure information was collected in a manner similar to Khan & Baker (2022). The tenure categories, which include both employment and board years, were as follows: less than one year, one to five years, six to ten years, eleven to fifteen years, sixteen to twenty years, and more than twenty years.

When board members have prolonged tenures, there is a risk they may become overly familiar with management and operational personnel, potentially prioritizing these relationships over shareholder interests (Hafsi & Turgut, 2013). Conversely, the board also serves an advisory and mentoring role, and newer board members may find it challenging to fulfill this role due to limited knowledge of the company's history and practices. Additionally, board members with shorter tenures tend to be more energetic and open to taking risks (Liew et al., 2017).

Khan & Baker (2022) observed a positive correlation between tenure diversity and companies' sustainable performance. However, other researchers, such as Hafsi & Turgut (2013), did not find any correlation between tenure diversity and sustainable performance. At the individual level, Handajani et al. (2014) identified a negative correlation between tenure and CSR, suggesting that longer tenures might correlate with less concern for CSR.

Chairperson status

The role of the chairperson of the board of directors significantly differs from that of regular board members, with the demands placed on the chairperson also varying greatly (Tampere Chamber of Commerce, 2023). Typically, the chairperson's time commitment far exceeds that of regular board members. Although legally the chairperson's responsibilities align with those of other board members, the company's articles of association may grant the chairperson decisive influence in certain matters (Finnish Company Law, 2016).

The role occupied, whether as a chairperson or a regular board member, influences motivations. According to Lee & Scaramuzzino (2022), chairpersons are primarily motivated by the drive to effect change or progress, whereas regular board members are more motivated by opportunities for professional learning, involvement in leadership, and professional development. Chairpersons often feel a moral obligation to lead the board effectively.

Eberhardt-Toth (2017) explored whether the participation of board chairs in the company's responsibility committee influences CSR outcomes. Her research found no correlation between the board chair's participation in the responsibility committee and the company's CSR performance.

5.5 Company demographics

This study utilizes company demographics to determine whether specific attributes or characteristics of a company influence board members' motivation, their perspectives on sustainability, or the overall sustainability of the companies. This section explains the rationale behind the selection of certain company demographics for collection in this study.

Financial performance

This study assessed the financial performance of companies based on three metrics: turnover, balance sheet value, and growth rate over the last three financial years. Previous board motivation and CSR related studies have use the similar methods for financial performance evaluation (Khan & Baker, 2022; Lee & Lee, 2019)

Turnover was classified according to the European Union's company size categories: micro companies with turnover less than €2 million, small companies between €2 million and €10 million, medium-sized companies between €11 million and €50 million, and large companies exceeding €50 million (European Union, 2023). Similarly, balance sheet values were categorized based on the European Union’s definitions: micro enterprises below €2 million, small enterprises between €2 million and €10 million, medium enterprises between €11 million and €43 million, and large enterprises above €43 million (European Union, 2023). The company’s growth rate was defined as the percentage increase in turnover over the past three financial years.

The influence of financial performance on CSR has been extensively debated in research. While some studies, such as those by Hellsten & Mallin (2006), suggest that CSR strategies enhance firm profits and sales, others, like Inoue et al. (2011), observe a negative impact. Peloza (2009), in a review of 128 studies, reported that 59% found a positive relationship between CSR and financial performance, 27% found a neutral or mixed relationship, and 14% observed a negative relationship.

The variability in results may stem from the differing financial metrics used. In this study, turnover and balance sheet value primarily reflect company size rather than performance. Thus, the growth rate is employed as a more direct measure to determine the impact of CSR or motivational factors on company sales, using sales growth rate as the indicator. Osterloch & Frey (2000) discuss that board members’ decisions and activities are influenced by external motivational factors, such as financial incentives. The effect of financial success on board members’ motivation is considered, although findings in this area remain inconclusive

Institutional ownership

Institutional ownership is quantified as the total percentage of a company's shares held by institutional investors. These investors include organizations such as foundations, banks, insurance companies, investment companies, funds, and venture capitalists (Nurleni et al., 2007). Typically, when institutional owners hold shares in a company, they own a significant portion of the company's equity (Khan & Baker, 2022). Due to their substantial shareholdings, institutional owners possess considerable influence over the selection of board members. Large, professional owners usually have established processes to actively monitor their investments, with the board often acting as the intermediary for this monitoring (Ntim & Soobaroyen, 2013).

The investment horizon for institutional owners tends to be longer compared to private investors, which contributes to the enhancement of companies' sustainable performance (Graves & Waddock, 1994). However, some studies, such as Ntim & Soobaroyen (2013) and Cheng et al. (2022), have identified a negative correlation between institutional ownership and companies' sustainable performance, particularly focusing on US markets. In contrast, other research, including Harjoto & Jo (2011) and Nurleni et al. (2017), has demonstrated a positive correlation between institutional ownership and sustainable performance. Buchanan et al. (2018) also observed that institutional ownership positively influences corporate social performance (CSP).

Board members representing institutional owners may have motivations distinct from other board members due to their organizational affiliations and investment strategies.

Family Ownership

The family ownership variable describes how much of a company's shares are controlled by a single family. According to the Finnish Association of Family Enterprises (2022), a family enterprise fulfills the following requirements: the majority of voting rights is held by a natural person, his/her spouse, or another member of his/her family. The majority of voting rights may be indirect or direct. At least one member of the family or clan, or their legal representative, is involved in the management or administration of the company. Listed companies may also meet the definition of a family business. In this case, the person who acquired or otherwise received the shares, or his family, or a member of his family, must control 25 percent of the voting power conferred by the company's shares. Indirect voting power in a listed company must be controlled by the family.

Lane et al. (2006) point out that the corporate governance structures of family firms are simpler than those of non-family firms. Since the board of directors plays a crucial role in corporate governance, the status of the family business may affect the roles and duties of the board of directors. Khan & Baker (2022) describe family businesses as prioritizing short-term financial performance at the expense of the sustainable performance of the firm. According to them, family businesses aim for higher dividends and are therefore unwilling to invest in long-term sustainability. Similarly, Campopiano & De Massis (2015) found a negative correlation between family ownership and a company's sustainable performance. On the other hand, Majeed et al. (2015) were uncertain about this correlation. Van Gils (2014) discovered a positive relationship between family ownership and firm sustainable performance in his research. Khan & Baker (2022) highlight that the stakeholders of family businesses are mainly only their customers, which reduces the importance of the social sustainability of the companies. Their study focused on small and medium enterprises. Amran & Ahmad (2009) found that the majority of board members in family businesses are from the same family that owns the business. In family firms, the motivation of internal board members may be influenced by the willingness of family members to continue the business tradition. Also, new generations of the family are motivated to expand the business and pursue their entrepreneurial orientation. (Toska et al., 2021)

Stock ownership

Publicly held firms are those that are publicly traded, allowing the general public to invest in the firm's shares. In this study, share ownership is measured by a dummy variable: 1 if the company is publicly traded and 0 if it is not.

Share ownership affects the reporting obligations of the board. Boards are owners. Additionally, according to Duncan (2001), share ownership increases the work motivation of employees and directors if they understand how the stock options work. As a listed company, it is often easier to assess the share price while working, whereas in unlisted companies, the value of the share is harder to calculate. According to Khan et al. (2012), stock ownership is positively correlated with CSR disclosure. If the company is listed, its CSR activities increase compared to non-listed companies. Recently, the CSR reporting requirements for listed companies in Finland have also increased significantly. (Ministry of Economic Affairs, 2023)

Management Ownership

Both institutional ownership and family business status indicate concentrated ownership. Another aspect of ownership concentration involves the ownership by managers and directors of the company. In the short term, ownership concentration is correlated with financial performance (Fan et al., 2002).

Management owners are individuals who own the company and also manage its operations. When the owners of the firm also work within the firm, their decisions are influenced not only by the owners' perspectives but also by their roles as implementers of these decisions. This connection between management decisions and ownership means that if a manager's decision is correct, it benefits the owners, and vice versa. It can be argued that managerial ownership helps firms to overcome agency problems by aligning the interests of shareholders and managers (Nurleni et al., 2017).

Nurleni et al. (2017) found a significant direct effect between CSR disclosure and management ownership. The higher the management ownership, the lower the CSR disclosure. Similarly, Khan et al. (2012) found a negative relationship between CSR disclosure and managerial ownership. Conversely, when directors and managers own a significant portion of the firm, it may increase their interest in making decisions that benefit them as owners of the firm. These short-term gains may conflict with long-term sustainable goals (Khan & Baker, 2022).

Regarding concentrated ownership, Jo & Harjoto (2012) found a negative relationship between ownership concentration and the sustainable performance of companies. Khan et al. (2013) found a positive relationship between ownership concentration and CSR. Hartikauanta & Siregar (2018) emphasized that corporate ownership particularly has a positive impact on CSR, although the effects of other large owners on CSR vary. In their study, they did not find any correlation between share ownership and CSR.

Firm age

Firm age describes the number of years a company has been in existence since its foundation. Sometimes in research, firm age is counted from the year of the Initial Public Offering (IPO); however, as the target audience for this study was primarily the board of directors of private companies, it was decided to use the year of the company's foundation. The age of the company impacts its governance structures. Firm age is also negatively correlated with the firm's willingness to use debt financing. If a firm's age influences its governance structure, then the composition of the board of directors affects the firm's capital decisions. (Kieschnick & Moussawi, 2018)

The age of the firm impacts its social responsibility; firms with a longer history have more experience and greater capability to influence factors related to social responsibility (Waluyo, 2017). Firm age affects firm performance; according to Loderer et al. (2012), as a firm ages, its Return on Assets (ROA) decreases, costs increase, and market share decreases because older firms may struggle to renew themselves and their business models to adapt to changing conditions and an evolving environment. Conversely, Waluyo (2017) argues that older companies demonstrate higher CSR because they possess a more established business reputation and more opportunities to influence the society around them.

Business model

In this study, companies were categorized into service and manufacturing companies based on their primary business activities. The categorization was based on an assessment of whether more than 50% of their turnover came from services or manufacturing. This differentiation was particularly aimed at identifying whether a company's business model impacts its Corporate Social Responsibility (CSR). The role and duties of the board of directors remain consistent regardless of the type of company, as strategic issues and the board's functions do not vary with the company’s business model.

Ellington (2004) argues that the business model significantly influences how the company is managed and impacts its operations and corporate governance. Porter & Kramer (2011) suggest that CSR activities can influence and modify the business model of a company. Conversely, Witek-Hajduk & Zaporek (2016) propose that CSR can transform the company's business model, affecting both manufacturing and service sectors. Thus, no business model is exempt from CSR. Furthermore, they noted that there is no company size or sector where CSR is non-existent, suggesting that one reason business models do not influence CSR is that legislation does not differentiate companies based on their business model.

Number of Personnel

The number of persons employed in an enterprise describes its workforce size. In this study, the number of employees was categorized according to the European Union's classifications: micro (0-10 employees), small (10-50 employees), medium (51-250 employees), and large (more than 250 employees) (OECD, 2023). When investigating the impact of company size on CSR, Waluyo (2017) used the number of employees as an indicator of company size. His findings suggest that the number of employees may influence a company's sustainability disclosure requirements. Additionally, larger companies tend to have more robust reporting systems due to the scale of their activities (Cowen et al., 1987).

Udayasankar (2008) identified a U-shaped relationship between company size and CSR engagement, indicating that both very small and very large companies are active in CSR initiatives, while medium-sized companies are less involved. Acabado et al. (2020) demonstrated a direct correlation between the number of employees and CSR activities. While company size is often measured by its turnover, Acabado et al. (2020) found that the number of employees was a better predictor of CSR than the company’s turnover.

Corporate social responsibility status

In this study, Baumgartner and Ebner's (2010) social responsibility model was utilized to collect information on the company's social responsibility status. They categorized CSR into environmental, internal, and external factors. Environmental factors encompass emissions, waste management, biodiversity, and environmental considerations related to products and services. Internal factors include corporate governance, motivation and incentives, health and safety, and human capital development. External factors cover ethical behavior and human rights, controversial activities, corruption and antitrust issues, and corporate citizenship.

A company's environmental impact is often differentiated into a footprint and a handprint. The footprint refers to the company's negative environmental and social impacts, whereas the handprint represents the company's positive contributions to social and environmental issues (Kühnen et al., 2019).

The CSR status in this study integrates the environmental and external factors of CSR based on Baumgartner & Ebner's (2010) model. According to Baumgartner and Ebner, the social responsibility status is segmented into four levels: beginning, elementary, satisfactory, and sophisticated/excellent. These categories and their descriptions are detailed in the table below:

Table 1. External corporate sustainability aspects (modified from Baumgartner & Ebner, 2010).

Aspect	**Ethical behavior and human rights**	**no controversial activities**	**no corruption and carte**	**corporate citizenship**
Beginning	Human rights are respected, but no guidelines exist.	No guidelines against controversial activities exist.	Compliance guidelines regarding corruption and cartel exist.	The organization does not pay attention to corporate citizenship.
Elementary	The company has started to reduce its negative impact ("handprint"). Human rights are respected and guided.	The company is starting to be aware of its clients.	The company complies with laws and regulations. Corruption practices have been identified.	Corporate citizenship is supported but minimally implemented.
Satisfied	The company has reduced its own negative impact, and its services and products further reduce the negative impact ("handprint"); sustainability guidelines have been created.	The company knows its clients. Reduction of disputable activities is measured.	Anti-corruption practices are active and measured.	Corporate citizenship is systematically implemented throughout the organization.
Sophisticated/ Outstanding	The company's ethical guidelines and codes are well-defined and followed.	The company is known as a non-controversial firm that monitors its clients' behaviors.	The company has effective practices, guidelines, and supervision regarding corruption.	Corporate citizenship is actively and strategically implemented with a focus on long-term impacts.

This study explores how different motivational factors in the boardroom influence the CSR status of companies and examines the impact of both boardroom and company demographic factors on CSP within a company.

5.6 Developing the hypotheses

This section summarizes the expectations derived from the literature review into hypotheses for this study. Hypotheses are developed based on previous literature and studies on the topic.

As learned in the previous chapters, the role of financial benefits and compensation in work motivation, including board motivation, has been extensively studied (Drymiotes et al., 2008; Chareonwongsak, 2017; Boivie et al., 2012). Silva (2005) notes that to reduce the agency problem of misaligned goals and objectives between shareholders and directors, compensation should be aligned with the firm's financial performance.

As discussed in section 4.3 on work motivation, the board can be seen as working for the company. Assuming that time spent on work needs to be compensated, this study posits that directors are motivated by financial benefits and gains for their work on the board. According the literature review, it can be concluded that remuneration influences the working methods and motivation of the board. This leads to the following hypothesis:

Hypothesis 1: Financial benefits have a positive effect on the motivation to work on the board.

However, as the long-term effects of financial benefits on motivation have been questioned (Chamorro-Premuzic, 2013), it is anticipated that financial benefits alone do not motivate board members. A board member's typically long career and successful work prior to the board role, combined with a relatively small financial commission, underscore that there are other factors influencing board members' motivation to serve and work on the board.

According to Chareonwongsak (2017), opportunities for board members to achieve success, a sense of accomplishment, and recognition in the community and society are important motivational factors for board members. All these factors represent instrumentality, which implies an opportunity to achieve something by working for the board. Based on this, the study expects that instrumentality will increase the motivation of board members. Therefore, the second hypothesis is:

Hypothesis 2: Instrumentality has a positive effect on board members' motivation.

The third research question was: How do diversity variables influence social sustainability on boards? Previous research has identified several different diversity variables that can be recognized on the board (Khan & Baker, 2022; Rouf & Hossan, 2020; Galbreath, 2011). These board diversity variables are presented in detail in chapter 4.6. For example, based on previous research, it has been argued that a number of diversity variables such as the number of women (Cordeiro et al., 2020), board size (Alabdullah et al., 2019), and national diversity (Khan & Baker, 2022) increase corporate social responsibility. But would the same variables affect BSP? Therefore, based on previous research, the following hypothesis is formulated:

Hypothesis 3: Board diversity has a positive impact on BSP.

The role of age among board members has been widely discussed among Finnish organizations related to board work, such as Future Board, Directors Institute Finland, and Board Partners. Academic research has also examined the role of age in CSR and CSP. To summarize the discussion in chapter 4.7, Board member's age and age diversity's impact on the board, it is argued that age affects a person's work on the board. The impact of a board member's age on social sustainability at the company level has also been studied previously. Post et al. (2011) and Harjoto et al. (2015) found a negative relationship between board member's age and CSP, arguing that younger experts are more attuned to social issues, with younger board members having a greater awareness and knowledge of CSR. Based on these findings, Hypothesis 4 is formulated as follows:

Hypothesis 4: The age of board members has a negative effect on BSP.

The effect of ownership on CSP, but especially on BSP, is less researched. A company can be owned by various entities such as active management, institutional owners, or a family. This study assesses the impact of different types of ownership on BSP, covering all previous ownership categories in chapter 4.5, Business Demographics.

How do previous studies of institutional ownership affect BSP? Coffee (1996) found that an increase in institutional ownership in a firm poses a greater challenge to top management. According to stakeholder theory, the larger owners of the firm, as institutional owners typically are, exert power over directors (Neubaum & Zahra, 2006). In their study, Neubaum & Zahra (2006) found that institutional owners positively and significantly influence the future CSP of the firm. Similarly, Coffey & Fryxell (1991) found a positive relationship between institutional ownership and CSR.

The effect of family ownership on CSR has been studied previously, but the results are mixed. Noor et al. (2020) explored the role of CSR in forms of value creation, while Bansai et al. (2018) and Alsaadi (2021) found that CSR disclosure is higher in family-owned firms than in non-family-owned firms. Conversely, Su et al.

(2020) discovered that family ownership has both positive and negative effects on CSR, depending on the specific CSR subcategory. However, researchers have generally found that family ownership has a positive effect on CSP, and it can be expected to have a similar effect on BSP.

Management ownership is expected to negatively affect CSR, as management typically focuses on short-term benefits, which may be controversial to long-term CSR activities and benefits. Previous studies have shown that management ownership has a negative impact on CSR (Dam & Scholtens, 2012; Yong et al., 2011). Therefore, it is also expected that management ownership has a negative effect on BSP.

Based on these previous findings, the following fifth hypothesis is formulated: *Hypothesis 5: The ownership characteristics of the firm have an effect on BSP, which is divided into the following sub-hypotheses:*

- *Hypothesis 5.1: Institutional ownership has a positive effect on BSP.*
- *Hypothesis 5.2: Management ownership has a negative effect on BSP.*
- *Hypothesis 5.3: Family ownership has a positive effect on BSP.*

The third research question of this study focused on the role of BSP in the financial growth and performance of the firm. Many studies argue that it is difficult to discern the relationship between CSP and firm financial performance (CFP) because the measurement of CSP is unreliable (Callan & Thomas, 2008). Freeman (1984) suggests that CFP and CSP are positively related. Conversely, some scholars argue that efforts to increase CSP increase costs and thus reduce potential profits (Friedman, 1970). The more recent research by Callan & Thomas (2008) and Palmer (2012) suggests that CSR and CSP positively impact CFP. Due to the importance of sustainability in public discourse and the increased CSR reporting requirements by the European Union, it is expected that higher CSP will enhance the competitive advantage of firms. Therefore, the sixth hypothesis is formulated as follows:

Hypothesis 6: BSP has a positive impact on the financial growth of the company.

The following figure illustrates how each hypothesis relates to the model used.

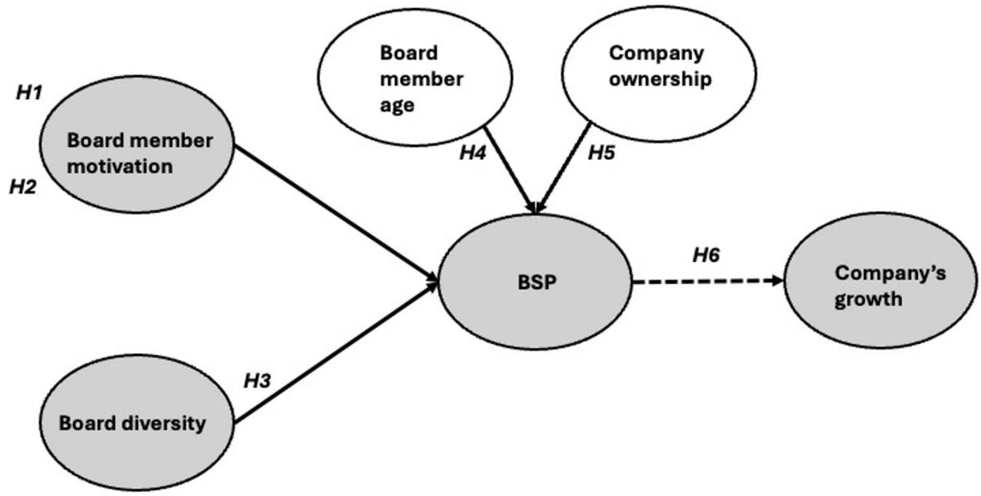

Figure 5. Hypothesis in the used model.

Hypotheses H1 and H2 relate to individual-level motivation and the role of motivation in team-level performance. Hypothesis H3 and H4 analyze the relationship between team demographics and team-level performance. Hypothesis H5 describes the role of organizational ownership variables in team-level performance. Hypothesis H6 details the role of team-level performance in organizational-level performance.

The results for the hypotheses are described in the analysis section, and the discussion regarding the approval or disapproval of the hypotheses is conducted in Section 7.3, Evaluation of the Hypotheses.

6 Research Data and Methods

This chapter describes the research methods employed in this study, outlines how the data was analyzed, and provides brief explanations of all research variables along with an overview of the data collection and preparation processes. Additionally, this chapter discusses the validation of the measurement model.

6.1 Research philosophical decisions

This section starts with research approach and presenting the theoretical design on the study. After that the decided method is discussed that it works in the selected research framework, by given examples and prove that the PLS-SEM method is successfully used in both social and business research earlier.

6.1.1 Research approach and theoretical design

In the research approach, the method is first described, followed by a discussion of philosophical underpinnings, and subsequently, an explanation of the nature of inquiry. The relevance of the subject and research questions has already been presented in the introduction (Chapter 1) and will not be reiterated in this chapter.

This research employed a quantitative method, which allows for the numerical description of phenomena. Quantitative methods also facilitate the examination of relationships between multiple variables, with less room for interpretation (Stockemer, 2019). Given the presence of multiple variables of interest in this study, the quantitative approach was chosen to understand their relationships. The selection of the quantitative method was based on its systematic approach to the research target.

Philosophical underpinnings discuss the foundational assumptions and beliefs of the research, outlining the nature of reality, knowledge, and the relationship between the researcher and the subject.

This research is positivist, involving objects that can be measured and observed. Positivist studies employ empirical observations, quantitative data, and statistical analysis.

The nature of this research project is explanatory, aiming to identify cause-and-effect relationships between variables. Explanatory research typically seeks to explain why phenomena occur (Bentouhami et al., 2021). In this study, the goal is to elucidate the factors influencing BSR and performance, examining how both motivation and board diversity impact BSP. Additionally, the research explores the role of BSP in company growth.

6.1.2 Research methodological design

In this study, multivariate data analysis was necessary. The PLS-SEM method was chosen as it is widely used in both social and business research. Findings using PLS-SEM have been published in top journals, thereby providing peer-reviewed credibility to the method.

The PLS method is commonly employed to measure the effects of motivations on other phenomena (Chareonwongsak, 2017). Among the multiple tools available for PLS-SEM, SmartPLS was selected over others like WarpPLS and Adanco due to its comprehensive graphical interface, extensive algorithms, and functionality. According to Memon et al. (2021), SmartPLS is one of the leading statistical software solutions.

This research intersects business studies and social sciences, which justifies the suitability of PLS-SEM for both fields. Hair et al. (2014) noted that PLS-SEM is particularly effective in business research involving small datasets. The method's popularity in business research is growing, as noted by Gunther et al. (2023). It has been successfully used in various contexts including accounting (Nitzl, 2016), family business research (Hair et al., 2021), and human resource management (Legate et al., 2022). Siahtiri et al. (2020) appreciated PLS-SEM for its ability to estimate complex models with relatively small sample sizes. Guenther (2023) noted that PLS-SEM is frequently used where constructs are theoretical and the model involves multiple constructs, a common scenario in business research.

PLS-SEM is also prevalent in social research. Dash et al. (2021) asserted that PLS-SEM is effective for developing and analyzing structural relationships in the social sciences. Cook & Forzani (2023) remarked that path modeling, often equated with structural equation modeling (SEM) of which PLS-SEM is a subset, is a standard method in social sciences. Mateos-Aparicio (2011) emphasized the importance of PLS methods in satisfaction studies, concluding that PLS-SEM modeling is crucial in social sciences. Bambale (2014) noted the minimal data requirements for PLS-SEM, including the lack of need for normal distribution, making it suitable for a broad range of studies. PLS-SEM is seen as a working analysis methods for research there it’s nature is explanatory and complex (Hair et al., 2017).

The analysis software used, SmartPLS, is commonly cited in peer-reviewed articles and methodology papers published in academic journals. Already, more than 10,000 citations have been made, and there are almost 100,000 search findings for SmartPLS in Google Scholar. This is possible to track, since according to the SmartPLS license agreement, citation to their software must be done.

Other relatively similar methods, like covariance-based structural equation modeling (CB-SEM), could have been used instead of PLS-SEM, but PLS-SEM's clear visual approach and the opportunity to handle complicated models with graphical interface tools and software provided a clear advantage over CB-SEM.

6.2 Design of the survey

The survey study was conducted to collect information and data from individuals who are members of the board of directors. The following subsection describes the data collection and handling processes.

The employed model comprised multiple variables, each multifaceted and therefore not measurable with a single observed variable. Due to this complexity, multiple observed variables were utilized to measure each latent variable in the model.

The survey study was designed in late autumn 2022, and the data collection occurred at the beginning of 2023. Data analysis was conducted in the autumn and winter of 2023, before finalizing the project in the first half of 2024.

6.2.1 Content of the survey

The questionnaire covered four topics: personal demographics, company demographics, motivation, and sustainability. If respondents were members of multiple boards, they were asked to select the company with the largest annual turnover where they served on the board of directors.

The survey targeted individuals serving as members or chairpersons of company boards. Participants were instructed to choose a specific company from the survey and respond based on their experiences with that company's board. In cases where a person held multiple board positions, they were asked to select the largest company where they served on the board.

All questionnaire variables were derived from prior research. This study uses individual questions in a unique combination to research individual board member motivation, board diversity, and board social performance. The combination of questions and respondents in Finland makes this research distinctive. The motivation section was largely based on Kriengsak Chareonqongsak's 2017 publication on board motivation in Thailand's cooperatives. The sustainability section heavily referenced Silvius & de Graaf's 2019 publication on project board sustainability intentions. Company and personal demographic questions were primarily based on Khan and Baker's 2022 publication on how board diversity and a company's ownership structure affect performance.

The following Table 2 collects the main sources of the variables based on the descriptions provided earlier in this section. Adjustments to the original questions are explained after the table.

Table 2. Sources of the variables used.

Variable	**Definition**
Company demographics and company finances	Khan & Baker (2022); Lee & Lee (2022); Witek-Hajduk & Zaporek (2016)
Board team demographics	Khan & Baker (2022)
Board member demographics	Khan & Baker (2022)
Motivation	Chareonwongsak (2017)
Intention	Chareonwongsak (2017)
Preference	Chareonwongsak (2017)
Board's sustainability and social performance	Silvius & Graaf (2019); Baumgartner & Ebner (2010)

All survey questions were presented to respondents in Finnish, as the original publications were in English, necessitating the translation of the questions.

The motivation section, originally aimed at researching cooperative board members, was adapted from Chareonqongsak's 2017 publication. The cooperative focus was replaced with a corporate focus, and some questions irrelevant to corporations were omitted.

The sustainability section was adapted from Silvius & de Graaf's 2019 publication on project board sustainability intentions. The term "project board" was replaced with "board of directors," with minor modifications made to better suit the board of directors' context. Additionally, the sustainability status of the company was drawn from Baumgartner and Ebner's 2010 publication. Questions on familiarity with sustainability were added based on Reid & Petocz (2019) to better gauge respondents' understanding of the concept and their familiarity with the field.

Company and personal demographic questions were adapted from Khan and Baker's 2022 publication on how board diversity and a company's ownership structure affect performance. The question about the company's market was simplified, offering only two options based on whether over 50% of the company's turnover came from services or product sales. This simplification was designed to accommodate companies operating in multiple industries.

Demographic questions were categorized into three groups: company demographics, board demographics, and board member demographics. These were collected for informational purposes and their potential mediating or moderating effects on the model were tested. They may also contribute to future research projects.

Participants were required to complete the questionnaire in one session without the option to pause, comprising 40 questions, of which 38 were used for the research. The remaining two questions gathered information for future activities and assessed respondents' willingness to receive the study results.

The survey was administered by association members and staff, who were willing the share the survey among their members. The associations were Board partners, Boardman, Directors Institute Finland, Federation of Finnish Enterprises and The Finnish Family Firms Association. While participants were expected to be members of a company's board, this was not verified as part of the study.

The Webropol survey tool was selected for its user-friendly and reliable features, well-suited for academic research. Respondents could complete the questionnaire online via their browser on a laptop, tablet, or smartphone.

The survey questions in Finnish are presented in Appendix 1. Appendix 3 lists all variables, their sources, original versions of the questions from the literature, and the questions used in this study.

Abbreviations for the variables are listed to provide readers with a better understanding of the survey content.

Table 3. Abbreviations of the survey variables.

Abbreviation	Definition
CD_xx	**C**ompany **d**emographics related variable
BD_xx	**B**oard **d**emographics related variable
B_xx	**B**oard member demographics related variable
M_xx	Motivation’s **M**otive related variable of individual board member
I_xx	Motivation’s **I**ntention related variable of individual board member
P_xx	Motivation’s **P**reference related variable of individual board member
S_xx	**S**ustainability and responsibility related variable

The Table 4 below presents the survey questions, answer options, and scales in the order they were collected.

Table 4. Variables of the survey.

Construct	Variable name	Definition	scale	Question in the survey
Company demo graphics	CD_TO	Annual sales in the previous financial year	Blau index, 4 options, €	What is annual sales in the previous financial year?
	CD_Grth%	Annual sales development in % within the previous 3 financial years	%	Annual sales development in % within the previous 3 financial years?
	CD_BalSh	Balance sheet value of the company pin the past financial year	Blau index, 4 options, €	Balance sheet value in the previous financial year?, 4 categories
	CD_prof€	Profitability of the company	Thousands of euros	How much profit company made before taxes in the previous financial year?
	CD_family	Company's family business status	A dummy variable that takes value 1 is the company owned more than 10% by a single family, otherwise 0	Does one family own more than 10% of the company?
	CD_pub	Publicly listed company status	A dummy variable that takes value 1 is the company shares traded in the public stock exchange, otherwise 0	Is the company traded in the public stock exchange?
	CD_inst%	Institutional ownership amount	% value of institutional owners ownership	How much institutional owners own the company?
	CD_mgmt %	Operative managers and employees ownership of the company	% of Operative managers and employees ownership	How much operative managers and employees own from the company?
	CD_age	Age of the company	Company's age in years	What is the year when company is founded?

Construct	Variable name	Definition	scale	Question in the survey
	CD_model	Company business model	A dummy variable that takes value 1 is when company generates at least 50% from it's sales from services, otherwise 0	Does company make more 50% of it turnover in services or in manufacturing?
	CD_people	Number of employees in the company	Blau index, 4 options	How many employees company has?
Board member demo-graphics	BD_age	Age of the board member	Blau index, 7 categories	How old are you?
	BD_backg	Education background of the board member	Blau index, 6 options	What is your educational background?
	BD_edu	Educational level of the board member	Blau index, 4 categories	What is educational level of the board member,
	BD_tenure	Board member's tenure in the company	Blau index, 6 options	Years of tenure the board member has from the company (employment + board member
	BD_chair	Is the person also chairperson of the board	A dummy variable equal to 1 if the board member is chairperson of the board, otherwise 0	Are you chairperson of the board?
	BD_Ind	Is the person independent board member?	A dummy variable equal to 1 if the board member is independent board member, otherwise 0	Are you yourself an independent board member?
Board team demo-graphics	B_size	Number of members in the board	number of people in the board	How many persons are in the board?
	B_gender	Number of women in the board	Number of female's in the board	How many female board members are in the board?
	B_gender %	genden balance in the board	Percentage of women from the board members (counted based on data)	Counted in the research based on other questions

Construct	Variable name	Definition	scale	Question in the survey
	B_int	Non-Finnish board members in the board	Number of international members in the board	How many non-finnish board members are in the board?
	B_int%	Interntional board member balance in the board	Percentage of non-finnish board members in the board	Counted in the research based on other questions
	B_dual	CEO's duality role	A dummy variable equal to 1 if CEO is also chairperson of the board, otherwise 0	Is the CEO also chairperson in the board?
	B_IndNo	Independent board members	Number of independent board members in the board	How many independent board members are in the board?
	B_Ind%	Independent board member balance	Percentage of independent members in the board	Counted in the research based on other questions
Board member Motivation/ motive	M_MoreT	Motivation to use more time for the board	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a board member, you wish to sacrifice more time in working for the board
	M_quality	Motivation to develop themselves to increase the quality of board work	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a board member, You wish to develop yourself to increase your quality of work for the board
	M_MoreR	Motivation to take more responsibility in the board	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a board member, you wish to take more responsibility in the board's work
	M_Rspct	Motivation that other members of the board respect him as a board person	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a board member, you feel that other board members respect and value having you work as a Board member
	M_Imp	Motivation that the board membership is important to him	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a board member, you feel that being a member of the Board is important to you

Construct	Variable name	Definition	scale	Question in the survey
	M_effort	Motivation to work harder towards the board than other members	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a board member, you feel that you have sacrificed more effort than other board members
	M_envir	Motivation to affect the environment	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Your current work as a Board member you will have a chance to affect the environment
Board member Motivation/ Intention	I_fina	an opportunity to receive increased financial compensation	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to have increased financial benefit
	I_honor	opportunity to being honor within the company	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to being honored by the company
	I_task	opportunity to receive more challenging tasks, duties and responsibilities	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to taking on more challenging work tasks
	I_Rspct	opportunity to receive respect among people	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to gaining admiration by people
	I_soc	opportunity to make good to society	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to feeling good and satisfied through doing good for society
	I_pot	opportunity to use full potential	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to utilizing all one's potential
	I_sccss	opportunity to feel successfulness	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to feelings of accomplishment
	I_recog	opportunity to being well-known outside the company	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Do you agree that if you work hard for the board, you will have a chance to being well known outside the company

Construct	Variable name	Definition	scale	Question in the survey
Board member Motivation/ Preference	P_fina	Preference to have increased financial benefit	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: having increased financial benefit
	P_Rspct	Preference being honored within the board	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: being honored and awarded by the other board members
	P_Comp	5Preference being honored with the company	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: being honored and awarded by the other people in the company
	P_new	Preference to have new board roles	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: opening a new board positions
	P_task	Preference to get new and more more challenging tasks, duties and responsibilities will be received	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: Taking on more challenging work tasks in the current company
	P_soc	Preference to feel good and satisfied by doing good for society	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: Feeling good and satisfied by doing good for society
	P_sccss	Preference to feel accomplishment	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: Feelings of accomplishment
	P_socKnw	Preference to be well-known in the community and society	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	How important are these rewards to you: Being well-known in the community
Board's sustaina-bility	S_know	Familiarity with sustainability	5-scale likert: 1 = Very unfamliar, 5 = Very familiar	How familiar you are with the concept of sustainability?
	S_rep	Sustainable discussion affect to reputation	5-scale likert: 1 = Very negative, 5 = Very positive	Discussing sustainability with the board of directors is [_________] my reputation.
	S_Prof	Sustainability's affect to company's bottom line	5-scale likert: 1 = Very negatively, 5 = Very postiviely	Sustainability will affect [_________] the company's bottom line
	S_Integ	Sustainability's integration to operations of the company	5-scale likert: 1 = Very negatively, 5 = Very postiviely	Integrating sustainability into the operations will affect [_________] the company's success.

Construct	Variable name	Definition	scale	Question in the survey
	S_owner	Owners interest to sustainability	5-scale likert: 1 = Very negative Disagree, 5 = Very postiive	The owner is [________] about me addressing sustainability with the board
	S_Imp	Sustainable discussions importance in the board	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Discussing sustainability in board is the right thing to do
	S_disc	Discussing sustainability in the board meeting	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	Whether I discuss sustainability in the board meeting or not, is entirely up to me
	S_conf	Confident to discuss sustainability with the board.	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	I feel confident that I am able to discuss sustainability with the board.
	S_strg	Presence of a sustainability strategy discussions in the board	5-scale likert: 1 = Very poorly, 5 = Very well	The presence of a sustainability strategy in the organization would affect [________] to discuss sustainability with the board
	S_prac	Board skills to apply sustainability in practise	5-scale likert: 1 = Strongly Disagree, 5 = Strongly Agree	My board generally have good application for sustainability.
	S_status	CSR status of the company	4 stage selection in which stage of CSR the company is currently (accordingly Baumgartner & Ebner 2010 model)	On what level is CSR in the company at the moment?

Additionally, respondents were queried about their membership in the following board of directors-related organizations in Finland: Future Board, Board Partners, Directors Institute of Finland, and Boardman. Likert scales with five points were employed, as detailed in the table above. Principally, the Likert scale ranges from 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Disagree Nor Agree, 4 = Agree, to 5 = Strongly Agree. A response of 3 on the Likert scale, indicating neither disagreement nor agreement, was interpreted as the respondent not holding a strong opinion on the subject. However, this might also suggest a lack of understanding of the question or a limited awareness of the subject matter.

Respondents were given the opportunity to request the study results and provide consent to be contacted for any additional inquiries related to the study. This information was not used within the study and was checked only after the study was fully completed.

Email questionnaire response rates are traditionally lower than those of traditional mail surveys (Cook et al., 2000). In this study, email was the most efficient method to reach board members across multiple cities, companies, and organizations. However, personal contact and soliciting responses in person could have potentially increased the response rate and facilitated the collection of a larger dataset. The total response rate of email invitation recipients is not available, since the researcher could not control to whom the email invitation was sent. In total, 123 people started the survey, and 115 responses were accepted for the data analysis stage.

6.2.2 Data collection

This subsection describes how the survey data was handled. Additionally, basic statistics of the data were evaluated using Microsoft Excel and SmartPLS4.

The data was collected using the Webropol survey tool. The questionnaire was shared with organizations focused on board work: Hallituspartnerit (Board Partners), Directors Institute Finland, Boardman Network, and Future Board. Hallituspartnerit and Future Board sent three reminders to encourage responses, spaced two weeks apart. Hallituspartnerit disseminated the survey through email newsletters, while Future Board used internal WhatsApp channels. Directors Institute Finland and Boardman shared the survey link twice with their members. The survey was also shared with Perheyritysten liitto (The Finnish Family Firms Association) and Suomen Yrittäjät (Entrepreneur Finland), though only once with their members. Data collection began in early January 2023 and concluded in early March 2023.

These associations were chosen because they represent a broad spectrum of board members in Finland, including many independent directors. Each association received simple background information about the survey and its purpose as part of this dissertation project. All these organizations actively contribute to the development of board work and strive to enhance the appreciation of the work of boards of directors in Finland. It was expected that their members would be willing to participate due to these reasons. Additionally, the researcher had good personal connections with communication personnel in these organizations, enabling repeated delivery of the message. Members of each organization were motivated to participate by promising the organizations a presentation of the research findings once the project was completed. However, no individual rewards were promised for survey participation. Respondents' affiliations with these associations were also collected but are not an official part of the research.

The survey was conducted, and the raw data was stored in the Webropol survey tool. For analysis, all answers were downloaded as a CSV file and uploaded into the SmartPLS4 analysis software.

In total, the survey received 115 responses covering all 61 questions and subquestions. This resulted in 6,972 data points, which were later developed into 63 individual variables with 7,202 data points during the data processing phase. Two new variables were created: % of females on the board and % of international board members. The quality of the responses was high, with only 43 data points (0.59% of total data points) left empty across the survey.

The reasons for empty data points varied. No single question was systematically unanswered, so the empty fields may be due to respondents accidentally pressing the next button or lacking the required information. The most common questions with missing values were CD_Grth%, CD_age, and CD_mgmt%, each with four empty responses out of 115. Their 3.5% missing rate is considered acceptable. The missing data points were left as blanks in the raw data and were replaced in the study with the mean value of all remaining data points in the column. This approach was chosen to avoid reducing the sample size, which was already relatively low compared to the number of questions. The treatment of missing data is detailed in Appendix 2 under descriptive statistics.

SmartPLS4 was selected because it is widely used for PLS-SEM analysis. Additionally, the software's producers offer a broad selection of training videos and tutorials online, which facilitated the researcher's learning of the software's features efficiently (Ringle, Wende, and Becker, 2022).

6.3 Data analysis

This section outlines the analytical processes used in handling the survey data, starting with Principal Component Analysis (PCA) and Confirmatory Factor Analysis (CFA) before proceeding to the final Partial Least Squares Structural Equation Modeling (PLS-SEM). The PCA was conducted to gain a deeper understanding of the collected data and primarily to elucidate the structure of the data. Subsequently, CFA was employed to examine the variables and comprehend their roles within the model.

6.3.1 Principal component analysis (PCA)

Principal Component Analysis (PCA) is a statistical technique that uses mathematical operations to determine which variables best represent the data. The PCA analysis was performed using Microsoft Excel and the XLstat add-on, a statistical analysis software developed by Lumivero. PCA reduces the dimensionality of data by identifying the most significant factors through a mathematical, rather than a theory-based, approach. The factors are gradually reduced until only meaningful factors remain.

Initially, PCA was applied to the entire dataset, but no significant factor loadings were identified. According to Nunnally and Bernstein (1994), the likely cause for the lack of meaningful results is that the number of responses was too small relative to the number of variables for effective PCA application.

Subsequently, a second PCA, referred to as PCA_2, was conducted. In PCA_2, the variables were divided into two analyses based on their classification as individual-level and team-level variables. Figure 6 below illustrates how different units of the model are categorized based on their placement within the organizational structure.

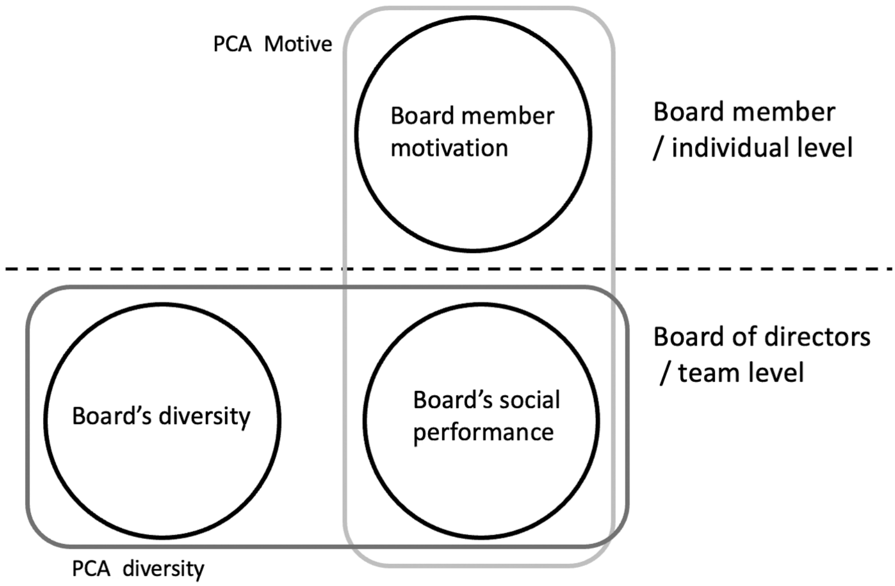

Figure 6. Constructs of the PCA model at the organisational level.

Variables related to board member motivation and Board Social Performance (BSP) were analyzed using one PCA setup, termed PCA_motive. A second setup, called PCA_diversity, was created based on variables related to board diversity and BSP.

The PCA_motive analysis was constructed by selecting variables associated with motivation and BSP. This PCA was performed on a dataset containing a total of 34 variables. Subsequent PCA analysis reduced these 34 variables to 6 significant variables.

The original values and factor loadings from PCA_motive are presented in the following tables:

Table 5. Eigenvalues of PCA_Motive.

	Factor 1	Factor 2
Eigenvalue	2,858	1,122
Cumulative variability %	47,638	66,332

Table 6. PCA_Motive factor loadings.

Variable	Factor 1	Factor 2
I_pot	0,743	-0,363
I_sccss	0,703	-0,531
P_sccss	0,675	-0,326
S_Conf	0,624	0,302
S_strg	0,695	0,540
S_status	0,675	0,452

As shown in the table, Factors 1 and 2 explained 66% of the total variation. Additionally, the factor loadings for each of these variables in the two factors were either above 0.4 or below -0.4 in at least one factor.

The PCA_motive analysis reveals that the motivation variables I_pot, I_sccss, and P_sccss significantly contributed to the motivation construct. Similarly, S_conf, S_strg, and S_status significantly contributed to the BSR construct. The results also indicate that all motivation-related variables negatively loaded on Factor 2, whereas sustainability and responsibility-related variables positively loaded on Factor 2.

In the PCA_diversity analysis, variables related to board-level demographics and BSR were examined together. This analysis initially included a total of 32 variables, which were subsequently reduced to 6 significant variables after further PCA analysis.

The eigenvalues and factor loadings for the PCA_diversity construct are presented in the tables below.

Table 7. Eigenvalues of PCA_diversity.

	Factor 1	Factor 2
Eigenvalue	2,517	1,039
Cumulative variability %	41,957	59,279

Table 8. PCA_diversity factor loadings.

Variable	Factor 1	Factor 2
B_size	0,473	0,445
B_gender%	0,596	0,541
B_Ind%	0,634	0,380
S_Conf	0,615	-0,364
S_strg	0,756	-0,431
S_status	0,766	-0,292

The table indicates that Factors 1 and 2 accounted for 59% of the total variance. Additionally, the factor loadings were above 0.4 or below -0.4 for at least one of the factors, suggesting significant contributions to the model.

The PCA_diversity analysis reveals that the motivational variables B_size, B_gender%, and B_ind% contributed similarly to the factors. The results indicate that diversity-related variables positively loaded on Factor 2, whereas sustainability-related variables negatively loaded on Factor 2.

6.3.2 Confirmatory factor analysis (CFA)

Following the PCA analysis, Confirmatory Factor Analysis (CFA) was conducted to delineate the relationships between the variables. CFA was utilized to ascertain which variables adequately represented the data. This analysis was performed using SmartPLS 4 software.

CFA evaluates the fit of the construct to the data and aids researchers in understanding the organization of the data (Nunnally and Bernstein, 1994). Both PCA and CFA were employed to preliminarily examine the data to ensure that valid PLS-SEM results could be derived.

As a result of the PCA and CFA, certain variables were excluded from the final model. These removed variables for each factor are listed in Table 9, along with explanations for their exclusion.

Table 9. Motivation factor variables.

Variable	Definition
M_MoreT	5-scale likert scale selection, if person would like to use more time towards the board
M_quality	5-scale likert scale selection, if person would like to develop themselves to increase the quality of board work
M_MoreR	5-scale likert scale selection, if person would like to take more responsibility in the board
M_Rspct	5-scale likert scale selection, if person feels that other members of the board respect him as a board person
M_Imp	5-scale likert scale selection, if person feels that the board membership is important to him
M_effort	5-scale likert scale selection, if person feels that he/she is working harder towards the board than other members
M_envir	5-scale likert scale selection, if person would like to affect the environment

Variables identified as motivation variables did not demonstrate sufficient loadings to be included in the final model. Consequently, the entire motivation factor was removed from the model.

For M_Qlt, M_rspct, M_Imp, and M_envir, there was no significant differentiation among respondents, possibly due to the small number of respondents or the nature of the questions, which may have elicited similar responses from most participants. For these variables, over 90% of respondents scored 4 or 5, with the mean variation in each case being less than 0.9.

For M_MoreT, more than 88% of respondents answered positively or neutrally (responses of 3, 4, or 5), indicating insufficient negative attributes toward this factor. This suggests that the majority of respondents were willing to devote more time to the boards of which they were members.

M_MoreR and M_effort were excluded due to their low factor loadings in the model, indicating that these variables did not adequately reflect the intended constructs.

Table 10. Intention factor variables (used variables in the final model are bolded).

Variable	Definition
I_fina	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to receive increased financial compensation
I_honor	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to being honor within the company
I_task	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to receive more challenging tasks, duties and responsibilities
I_Rspct	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to receive respect among people
I_soc	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to make good to society
I_pot	**5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to use her full potential**
I_sccss	**5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to feel successfulness**
I_recog	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to being well-known outside the company

The variables related to intentions included I_Rspct, which received no negative responses (1 or 2), and only 6% of responses were neutral. Similarly, I_soc had no responses rated as 1, 1.72% rated as 2, and 0.9% as neutral.

I_fina, I_honour, I_soc, and I_recog were removed from the model due to poor factor loadings. I_soc had a factor loading below 0.5, while the others had factor loadings below 0.4.

Table 11. Preference factor variables (the used variable in the final model is bolded).

Variable	Definition
P_fina	5-scale likert scale, having increased financial benefit
P_Rspct	5-scale likert scale, Being honored within the board
P_Comp	5-scale likert scale, being honored with the company
P_new	5-scale likert scale, new board roles are opening for you
P_task	5-scale likert scale, New and more more challenging tasks, duties and responsibilities will be received
P_soc	5-scale likert scale, Feeling good and satisfied by doing good for society
P_sccss	**5-scale likert scale, Feelings of accomplishment**
P_socKnw	5-scale likert scale, Being well-known in the community and society

The responses to the preference-related variables P_fina, P_new, and P_task were spread across the scale, each showing a mean and a standard deviation above 1.0. Due to the sample size, these data were not usable.

For P_Rspct, P_Comp, P_soc, and P_socKnw, the factor loadings were below the threshold of 0.7.

The following table displays the demographic variables of the board.

Table 12. Board team demographics factor variables. (The used variables in the final model are bolded).

Variable	Definition
B_size	**Number of members in the board**
B_gender	Number of women in the board
B_gender%	**Percentage of women from the board members (counted based on data)**
B_int	Non-Finnish board members in the board
B_int%	Percentage of non-finnish board members from the board (counted based on data)
B_dual	A dummy variable equal to 1 if CEO is also chairperson of the board, otherwise 0
B_IndNo	Number of independent board members in the board
B_Ind%	**Percentage of independent board members in the board (counted based on data)**

For the variables on board team characteristics, there was a lot of thought and work on whether to use the relative B_Gender% or the cumulative B_Gender variable. Once the construct of board diversity was understood as a formative construct, the relative amounts became meaningful. There were no all-female boards in the study, nor any all-male boards.

B_int and B_int% didn't load the factor sufficiently. As less than 10% of companies have even one international director on their board, their role in the diversity factor was too small to be taken into account.

B_indNo describes how many independent directors are on the board. The B_Ind% describes what percentage of the total number of board members are independent board members. B_Ind% was counted based on the variables B_indNo and B_size. Finally, the relative variable B_ind% was used in the PLS-SEM model.

B_dual measured whether the CEO was also the chairperson of the board. This was the case in only 12.3% of the companies. In companies where the CEO is also the chairperson, the average board size was 3.6 persons, while in other companies the average size was 4.9 persons.

The variables removed in the BSP factor are shown in the next table.

Table 13. Sustainability factor variables (used variables in the final model are bolded).

Variable	Definition
S_know	5-scale likert scale about how familiar the person is with sustainability?
S_rep	5-scale likert scale to complete the following sentence: Discussing sustainability with the board of directors is [________] my reputation.
S_Prof	5-scale likert scale to complete the following sentence: Sustainability will [________] the company's bottom line
S_Integ	5-scale likert scale to complete the following sentence: Integrating sustainability into the operations will [________] the company's success.
S_owner	5-scale likert scale to complete the following sentence: The owner is [________] about me addressing sustainability with the board
S_Imp	5-scale likert scale, Discussing sustainability in board is the right thing to do
S_disc	5-scale likert scale, Whether I discuss sustainability in the board meeting or not, is entirely up to me
S_conf	**5-scale likert scale,I feel confident that I am able to discuss sustainability with the board.**
S_strg	**5-scale likert scale to complete the following sentence: the presence of a sustainability strategy in the organization would [________] to discuss sustainability with the board**
S_prac	5-scale likert scale, My board generally have good to apply sustainability in practice
S_status	**4 stage selection in which stage of csr the company is currently (accordingly Baumgartner & Ebner 2010 model)**

In S_know, S_Prof, and S_owner, no respondent answered negatively (1 or 2), and only 0.8-3.5% of respondents chose a neutral response (3). For S_rep and S_Integ, none of the respondents provided a negative or neutral answer (1, 2, or 3). Consequently, the uniformity in responses for these variables was too high to differentiate among factors effectively.

The factor loading for S_prac was below the threshold. Had the threshold of 0.7 been lowered, S_prac would have been the first sustainability variable to meet the reduced criterion.

The variables removed from the growth factor are shown in the table below.

Table 14. Company demographics factor variables (used variable in the final model is bolded).

Variable	Definition
CD_TO	Annual sales in the previous financial year, 4 options, €
CD_Grth%	**Annual sales development in % within the previous 3 financial years, %**
CD_BalSh	Balance sheet value in the previous financial year, 4 options, €
CD_prof€	Profit before taxes in the previous financial year, T€

The growth-related factors, CD_To and CD_BalSh, did not describe the company's growth but rather measured the past performance and history of the company. Typically, older companies in this study exhibited higher turnover and larger balance sheets.

CD_prof€ was more correlated with company size than with growth and thus did not effectively measure company growth. Consequently, it was removed from the final model as it did not accurately represent the intended factor.

The final model included the following variables:

Table 15: Variables used in the main PLS-SEM model.

Construct	Variable	Definition
Board member motivation	I_pot	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to use her full potential
	I_sccss	5-scale likert scale selection, when person is working hard for the board, she will have an opportunity to feel successfulness
	P_sccss	5-scale likert scale, Feelings of accomplishment
Board diversity	B_size	Number of members in the board
	B_gender%	Percentage of women from the board members (counted based on data)
	B_Ind%	Percentage of independent board members in the board (counted based on data)
BSP	S_conf	5-scale likert scale,I feel confident that I am able to discuss sustainability with the board.
	S_strg	5-scale likert scale to complete the following sentence: the presence of a sustainability strategy in the organization would [________] to discuss sustainability with the board
	S_status	4 stage selection in which stage of csr the company is currently (accordingly Baumgartner & Ebner 2010 model)

The PLS-SEM model is built around the variables listed in the table above. The final model is presented in Chapter 7, "Results and Discussion."

6.3.3 PLS-SEM model evaluation

This section compares the constructed model with previous research and describes why the constructs of the model are related. The aim is to find agreement that the constructed model is usable. Based on the PCA and CFA analyses conducted, the following PLS-SEM model was formulated. This is the basic model without the moderating effects analysed later

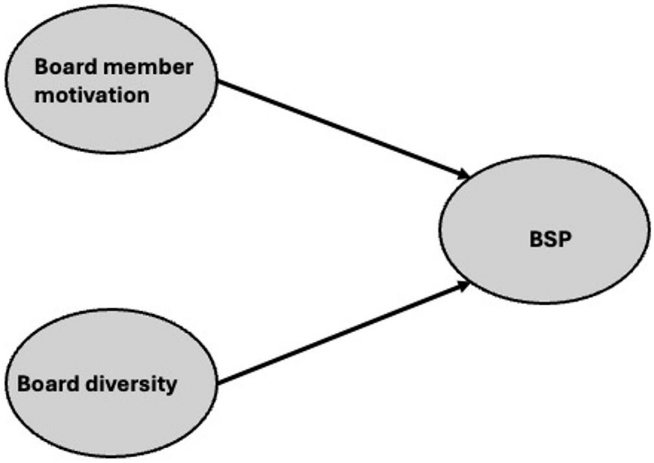

Figure 7. PLS-SEM construct model.

The model is built around three key constructs: board member motivation, board diversity, and BSP. The key construct relationships are between board member motivation and BSP, and between board diversity and BSP. Each of these relationships is presented below, one at a time, based on previous research.

The relationship between board members' motivation and BSP was previously researched by Chareonwongsak (2017). According to her findings, board members' motivation is related to the organization's CSR. Similarly, Loor-Zambrano et al. (2022) found a relationship between CSR and employee motivation and trust, suggesting that organizational employees' motivation is related to CSR. Furthermore, Ditlev-Simonsen et al. (2013) investigated the relationship between employee motivation and CSR, noting that stronger CSR is associated with increased employee motivation.

The relationship between board diversity and board CSR has also been broadly researched, particularly concerning diversity variables. Both Ullah et al. (2019) and Jaturat et al. (2021) have explored the connection between gender diversity on the board and CSP, finding that female representation on the board enhances CSR. Additionally, Rouf & Hossan (2020) identified a relationship between a diverse gender balance on the board and CSP, noting that an increased number of board members correlates with CSP. While this study mainly focuses on the role of gender balance in CSP, it aims to explore whether other variables of board diversity might also affect CSP. The link between board diversity and CSP is supported by previous studies.

As described in this section, the relationships in the constructed PLS-SEM model, which is based on the results of PCA and CFA, are supported by previous research. The constructs in the model are based on prior studies, and the relationships between the constructs can be substantiated by existing literature. This demonstrates that the model is empirically valid and the analysis is reliable.

The following figure describes the variables used in each construct of the PLS-SEM model employed.

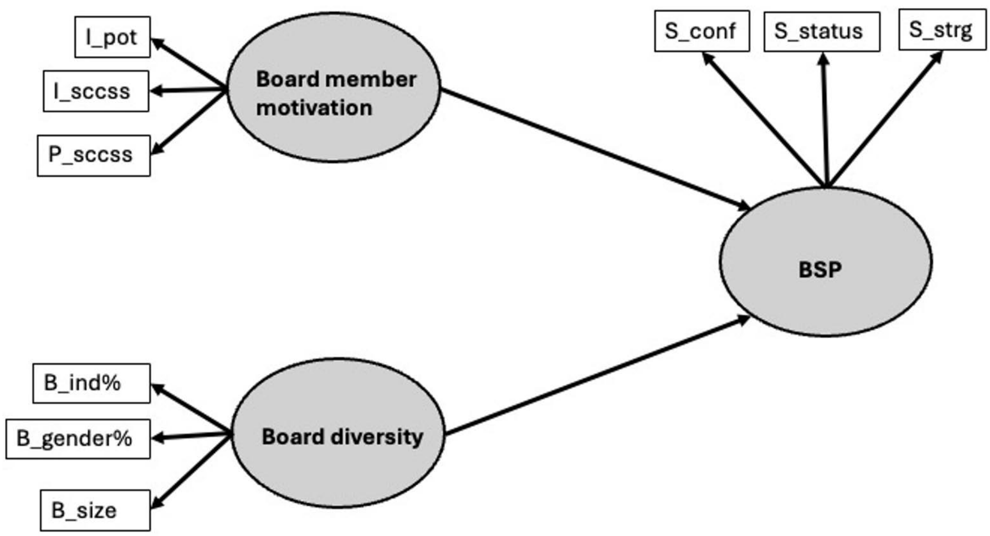

Figure 8. Variables of the PLS-SEM model.

From the figure, it is evident that the constructs BSP and board member motivation are treated as reflective variables, whereas the construct board diversity is considered a formative construct. In the PCA and CFA analyses, variables B_Ind and B_gender, which represent cumulative numbers, loaded constructs more strongly than relative variables B_Ind% and B_gender%. These relative variables evaluate the number of independent board members and female board members as a percentage of the total team size. This distinction is particularly significant when considering the board diversity variables in their formative stage.

6.3.4 PLS-SEM analysis thresholds

Partial least squares structural equation modeling (PLS-SEM) is a second-generation, primarily exploratory method (Hair et al., 2017). In this study, despite the relatively large number of variables, PLS-SEM was chosen because it has minimal limitations in terms of sample size and distributional assumptions, according to Chin et al. (2003).

The PLS-SEM analysis was conducted using SmartPLS 4 software. The analysis began with generating a confirmatory factor analysis model, followed by the initial factor analysis using the PLS-SEM algorithm. The weighting scheme was set to 'factor,' the outcome type to 'standardized,' and the initial weights to 'default.' Blank data points were replaced with mean values, and no weighting vector was utilized.

After running the PLS-SEM algorithm, the following results were collected: outer loadings, construct reliability and validity, discriminant validity, collinearity statistics, and model fit.

Outer loadings:

Outer loadings represent how each factor loads on the latent variable to which it is related. If the factor loading is above 0.70, it can be considered significant. If it is between 0.60 and 0.70, the result may be acceptable but may have a slightly negative effect on the overall model fit (Hair et al., 2017). Bagozzi and Yi (2012) suggest that factor loadings below 0.5 indicate that the variables are not well aligned with the factors. However, for testing convergent validity and composite reliability, factor loadings of at least 0.5 are accepted, with a preference for 0.7.

Construct reliability and validity:

In the PLS-SEM model, internal reliability and validity are assessed using two composite reliability variables: omega-a (rho a) and omega-c (rho c) (Hair et al., 2018). Additionally, Cronbach's alpha is used to describe the internal consistency reliability. Average Variance Extracted (AVE) is employed to assess convergent validity. Acceptable values for Cronbach's alpha, as well as for rho_a and rho_c, range from 0.60 to 0.70, while values between 0.70 and 0.90 are considered satisfactory. Values above 0.95 may indicate that variables are measuring the same thing in slightly different ways, potentially decreasing composite reliability. For convergent validity, the AVE should be at least 0.50.

Discriminant validity:

Discriminant validity was analysed according to the Fornell-Larcker criteria, where the diagonal values in the table should be greater than the individual values underneath (Hair et al., 2017).

Collinearity:

Collinearity was checked by measuring the variance inflation factor (VIF), where values should be less than 5.00 to avoid multicollinearity. A threshold of 10.00 can be considered a more liberal threshold for VIF (Hair et al., 2018). Collinearity diagnostics are particularly important when investigating formative constructs, such as board diversity in this study.

Model fit:

Standardised Root Mean Square Residual (SRMR) and Normed Fit Index (NFI) statistics were collected to assess model fit. The NFI is also referred to as the Tucker-Lewis Index (TLI) (Bagozzi and Yi, 2021). The target for SRMR is below 0.08, although values below 0.1 are acceptable.

NFI values range from 0 to 1. The closer the NFI is to 1, the better the model fit. The target for the NFI is to be greater than 0.9 to be considered acceptable (Ringle et al., 2022). The Comparative Fit Index (CFI) was also used to assess model fit. A Chi-square test was performed as the most accurate model fit test according to MacIntosh (2007).

Once the above results were approved, the PLS-SEM bootstrapping algorithm was run.

PLS-SEM Bootstrapping Analysis

Once the PLS-SEM factor analysis results were deemed acceptable, the PLS-SEM bootstrapping algorithm was executed using the following settings: 1000 subsamples, a bias-corrected and accelerated bootstrap confidence interval method, a one-tailed test type, a 0.05 significance level, and a fixed seed random number generator. The weighting scheme was set to 'path' and the outcome type to 'standardized'. Similar to the factor analysis, missing values were replaced by the mean, and no weighting vector was used.

From the analysis results, the following items were examined: path coefficients, total indirect effects, and total effects. Additionally, outer weights for formative constructs and their p-values were evaluated. The significance threshold for all measures was set at 0.05, with t-test results collected (t-value greater than 1.96). A p-value of 0.05 is generally considered statistically significant, although a p-value of 0.10 may be accepted in more liberal situations (Hair et al., 2017).

The coefficient of determination (R^2) is used to measure the predictive power of a structural model (Hair et al., 2017). The guidelines for interpreting R^2 values are not fixed, as the complexity of the model and the structure of the research influence the trigger values. For example, in management studies, R^2 values are considered as follows R^2 value 0.75 is substantial (***), 0.50 is moderate (**), and 0.25 is weak (*). (Hair et al., 2017)

Predictive accuracy was assessed using Stone-Geisser Q^2 values. Q^2 values indicate the out-of-sample predictive power or predictive relevance of the model. If the Q^2 value is greater than 0.1, it indicates that the model has predictive relevance. (Hair et al., 2017)

F-squared (F^2) values indicate the effect size in the model. A F^2 value lower than 0.02 indicates no effect (†). A value of 0.02 indicates a small effect (*), 0.15 indicates a medium effect (**), and 0.35 indicates a large effect (***). (Hair et al., 2018)

The detailed results and their interpretation are discussed in the Results chapter.

7 Results and Discussion

This chapter presents the findings of the research project. It begins by examining the demographics of the survey respondents to understand the characteristics of the participants. The chapter then discusses the reliability and validity of the data collected. Subsequently, it presents the answers to the research questions, followed by a discussion of the findings in the final section of this chapter.

7.1 Survey demographics

To understand the characteristics of the respondents, the survey demographics were categorized and analyzed. This analysis helped ensure that the respondent base was not biased toward specific age groups or types of companies. As this study aims to examine company boards in general and to derive universal insights across demographic factors, examining the composition of the respondents is crucial.

The analysis began by categorizing the respondents into different groups based on company demographics, board demographics, and board member demographics.

Table 16 below illustrates the company demographics for this study.

Table 16. Demographic results of companies in the survey.

Abridgment	Description	Outcome
CD_TO	Annual sales in the previous financial year, 4 options, €	0-2M€ (13,2%), 2-10M€ (31,6%), 11-50M€ (35,1%), above 50M€ (20,2%).
CD_Grth%	Annual sales development in % within the previous 3 financial years, %	average +55,1% median +20,0% companies with positive growth (above 10%) 53,9% companies with negative growth (less than -10%) 5,2% companies with no growth (change between -10% and +10%) 40,9%
CD_BalSh	Balance sheet value in the previous financial year, 4 options, €	0-2M€ (25,0%), 2-10M€ (41,1%), 11-50M€ (16,1%), above 50M€ (17,9%)
CD_prof€	Profit before taxes in the previous financial year, T€	medium: 0,64M€ median 1,0M€
CD_family	A dummy variable that takes value 1 is the company owned more than 10% by a single family, otherwise 0	non-family companies (35,7%) family companies (64,3%)
CD_pub	A dummy variable that takes value 1 is the company shares traded in the public stock exchange, otherwise 0	non-public companies (95,6%) public companies (4,4%)
CD_inst%	How much institutional owners own the company, %	without institutional ownership 78,9% with institutional ownership: 21,1% medium ownership in all companies: 12,7%
CD_mgmt%	Operative managers and employees ownership from the company, %	medium: 25,0% median: 39,7% management owned companies (), non management owned companies
CD_age	Year when company is founded	medium: 29,0 median: 33,9
CD_model	A dummy variable that takes value 1 is when company generates at least 50% from it's sales from services, otherwise 0	Manufacturing (58,8%) Service (41,2%),
CD_people	Number of employees in the company, 4 options	0-10 (13,9%), 10-50 (33%), 51-250 (35,7%), above 250 (17,4%)

The company demographic results describe the types of companies represented by the respondents. As part of the survey, individuals serving on more than one board were asked to select the largest company for which they serve. This selection influences the company demographics reported in the study.

According to the Confederation of Finnish Industries (2023), the average turnover of Finnish companies is EUR 1.39 million across all sizes. Yrittäjät (2023) reports that

93% of Finnish companies are micro enterprises, 5.6% are small, 1.1% are medium-sized, and only 0.2% are large enterprises. In contrast, this study shows a significantly higher representation of small, medium, and large enterprises, which is expected as respondents were prompted to select the largest companies they are associated with. Moreover, boards tend to play a more pivotal role in larger companies.

The Finnish Venture Capital Association (2020) reports an average growth rate of 5.6% for companies in Finland over a three-year period. In contrast, this study found an average company growth of 55%, with a median growth of 20%. Approximately 40% of the enterprises experienced growth between -10% and +10%, while only 5% saw a turnover decrease of more than 10%. About 54% of the companies grew by more than 10%, indicating that the companies in this study are growing faster than the average Finnish company. The Finnish Venture Capital Association (2023) also noted an average growth rate of 51% for venture capital-backed companies over a three-year period.

The balance sheet value correlated with the number of employees and turnover, as increases in balance sheet value often reflect increases in these areas. According to statistics (2022), the average profit margin for Finnish enterprises in 2021 was 6.4% of their turnover. With a total turnover of EUR 552.3 billion across 443,000 companies, the average profit per company in Finland is approximately EUR 79,000. In this study, the average profit was EUR 43,000, and the median profit was EUR 538. Fifteen enterprises reported losses, 91 reported profits, and five reported a break-even profit margin.

Family enterprises constituted 64.3% of the respondents in this study. According to the Finnish Association of Family Enterprises (2023), only 22.6% of enterprises in Finland are family-owned. This discrepancy may be due to the definition used in this study, which considers a company family-owned if at least 10% is owned by a single family. The Family Business Association defines a family business as one where at least 50% of the decision-making power is held by a single family, and in publicly listed companies, at least 25% is controlled by a family.

In Finland, there are 182 listed companies, combining those on Nasdaq Helsinki and the First North list, representing about 0.06% of all companies (Central Chamber of Commerce, 2022). In this study, five listed companies were represented, accounting for 4.4% of the sample. Although this is significantly higher than the national average, the number of publicly listed companies in this study was too small for a robust statistical analysis based on the public ownership effect.

Institutional ownership was measured by collecting information on how much of the company is owned by institutional owners. Approximately 78.9% of companies had no institutional ownership, while 7.9% were wholly owned by institutional owners. Among the enterprises with institutional ownership, the average ownership was 60.3%, with a median of 69%. According to the Finnish Venture Capital

Association (2023), there are about 600 non-public companies with venture capital investments in Finland, which represent 0.2% of the total number of companies.

Measuring management ownership is challenging because there are no public statistics on the management ownership of private companies. In this study, 36.6% of the enterprises had no management ownership, whereas 23.2% were wholly owned by the management. Overall, 63.4% of the enterprises had some form of management ownership. The average level of management ownership was around 40% for companies with no management ownership and 62.5% for those with some management ownership, with a median of 60.0%.

The average age of the companies in this study was 33.9 years, with a median age of 29 years. According to Kibler's analysis (2022), the average age of Finnish companies is around 20 years. The companies in this study are relatively established and mature, which is expected since respondents were asked to select the largest company where they serve on the board.

In this study, 58.8% of companies generated more than 50% of their turnover from services, while 41.2% generated the majority from manufacturing.

When comparing the number of employees, the companies in this study are larger than the average Finnish company. In Finland, 75.9% of enterprises employ 1-10 people, 19.7% have 10-49 employees, and 3.68% have 50-249 employees. Only 0.2% of all enterprises have more than 250 employees (Confederation of Finnish Industries, 2020). Therefore, the companies in this study are significantly larger than the average Finnish enterprise. The main reason for this difference is that the survey was distributed among organizations targeting board professionals, experienced business experts, and business owners. The importance of the board role increases in larger companies, and this difference between the general Finnish business landscape and the surveyed companies does not present a concern from the researcher's perspective.

In summary, the companies in this study represent a diverse array of company types. The average size of these companies is larger than the typical Finnish company, but given the role of the board of directors tends to be more prominent in larger companies, these results are advantageous for gaining insights from a board perspective.

Table 17 below presents the demographics of the board of directors in this study.

Table 17. Demographic characteristics of board members.

Variable	Abridgment	Outcome
B_size	Number of members in the board	medium: 4,75 median: 5
B_gender	Number of women in the board	medium: 1,26 median: 1
B_gender%	% of women in the board	medium: 20,0% median: 23,5%
B_int	number of Non-Finnish board members in the board	medium: 0,23 median: 0,0 9,6% of companies had at least 1 non-finnish board member
B_int%	% of non-finnish board members in the board	medium: 3,6% median: 0,0%
B_dual	A dummy variable equal to 1 if CEO is also chairperson of the board, otherwise 0	Not a same person: 87,7% CEO & Chairperson same person 12,3%
B_IndNo	Number of independent board members in the board	16,5% had no independent board members medium: 2,66 median: 2
B_Ind%	% of independent board members	medium: 52,6% median: 50,0%

The demographics of the board members show that the respondents to this survey represented a relatively diverse range of company boards. The variance in board size ranged from just one person, the legal minimum, to boards with ten members. The gender balance on boards was below the national average in Finland. According to the Central Chamber of Commerce (2023), the average proportion of women on public company boards in 2023 was 33%, while in private companies it was just under 30% (Tesi, 2023). In contrast, this study reports an average of 20.0% women on boards. The lower representation of women on boards may have implications for Board Social Responsibility (BSR) practices, as discussed in the literature review. The survey did not collect the gender of respondents.

In Finnish companies, an average of 7% of board members are international (Tesi, 2023). This study reported an average of 3.6% international board members. The difference may be due to geographical differences within the country, as most international board members in Finland typically come from Sweden. The survey was conducted in Finnish-speaking associations, and many Swedish board members are associated with Swedish-speaking companies in Finland. The number of international board members ranged from 0 to 4, and the percentage of international board members ranged from 0% to 80%.

The number of independent board members ranged from 0 to 10, and the percentage of independent board members ranged from 0% to 100%. On average, about 40% of small and medium-sized companies in Finland have independent board members, while more than 80% of large companies do. In this study, 83% of the companies had at least one independent board member, indicating that the respondents had a higher proportion of independent board members than the average company in Finland.

In terms of the demographics of the board members, the respondents generally represented the age groups of national small and medium-sized enterprises well. According to the Chambers of Commerce (2023), the average age of board members in small and medium-sized companies is 53, while in this study the average age was 41.

Additionally, the presence of chairpersons among the respondents was high. This may be due to the survey being distributed through associations that focus on board work. The backgrounds of the board members were well diversified across different categories. The relatively high number of respondents with general management backgrounds may be linked to their long tenure and age. As experience accumulates, the significance of a specific background in a person's board role tends to diminish, leading individuals to identify more as generalists.

Table 18. Demographic results of the Board team.

Abridgment	Variable	Outcome
BD_age	Age of the board member in years, 7 categories	below 30 (0,0%) 30-39 (24,3%) 40-49 (16,5%) 50-59 (24,3%) 60-69 (29,6%) 70-79 (5,2%) above 79 (0,0%)
BD_backg	Education background of the board member	Finance (17,4%) Technology (17,4%) Legal (4,3%) General management (45,2%) Consulting (9,6%) Other (8,1%)
BD_edu	Educational level of the board member	High school or similar: 5,3% Bachelor level 16,7% Master level 70,2% Phd-level 7,9%
BD_Ind	A dummy variable equal to 1 if the board member is independent board member, otherwise 0	non-independent 64,3% independent 35,7%
BD_tenure	Years of tenure the board member has from the company (employment + board member), selected from 6 options	less than 1 year (7,0%) 1-5 (43,0%) 6-10 (28,1%) 11-15 (14,0%) 16-20 (0,9%) more than 20 (7,0%)
BD_chair	A dummy variable equal to 1 if the board member is chairperson of the board, otherwise 0	non chair 64,6% chair 35,4%

The proportion of non-independent respondents was significantly higher than typically seen on company boards. Approximately two-thirds of the respondents were independent directors, whereas in the companies where these respondents serve, about 50% of the directors on their boards are independent.

The educational level of the respondents was typical for Finnish directors. According to Boxberg (2023), 68% of the CEOs of public companies in Finland hold either a Master of Science in Technology or a Master of Science in Business. Given that board members are often former CEOs, this comparison can be made.

7.2 Data reliability, validity tests and model fit

Data reliability, validity, and model results are discussed next in this section, following the PLS-SEM technique outlined in the previous chapter. In an effort to make the results section more compact, an attempt has been made to summarize the results in multiple measures tables.

The results for construct reliability, validity, R^2 value, and Q^2 values are presented in the following table.

Table 19. Construct reliability and validity, R^2 value and Q^2 values.

	BSP	**Board member motivation**
Cronbach's alpha	0.721	0.758
Composite reliability (rho_a)	0.732	0.763
Composite reliability (rho_c)	0.844	0.861
Average variance extracted (AVE)	0.645	0.674
R^2 value	0.317(*)	
Q^2 predict	0.305	

† = no effect, * = small effect, ** = medium effect, and *** = large effect

Cronbach's alpha, composite reliability (rho_a) and composite reliability (rho_c) were all above 0.7 but below 0.9. The average variance extracted (AVE) values exceeded the 0.5 threshold and are acceptable.

The R^2 value for BSP was 0.317. The traditional rules for R-squared values in management studies are that 0.75 is substantial (***), 0.50 is moderate (**) and 0.25 is weak (*). Therefore, the R-squared for BSP can be considered weak.

The prediction of BSP Q^2 is above 0 indicating that the model has predictive power for BSP.

The external loadings are shown in the figure and table below. All outer loadings for the reflective constructs are above the threshold of 0.708. For the formative construct, the VIF values are more descriptive of the model.

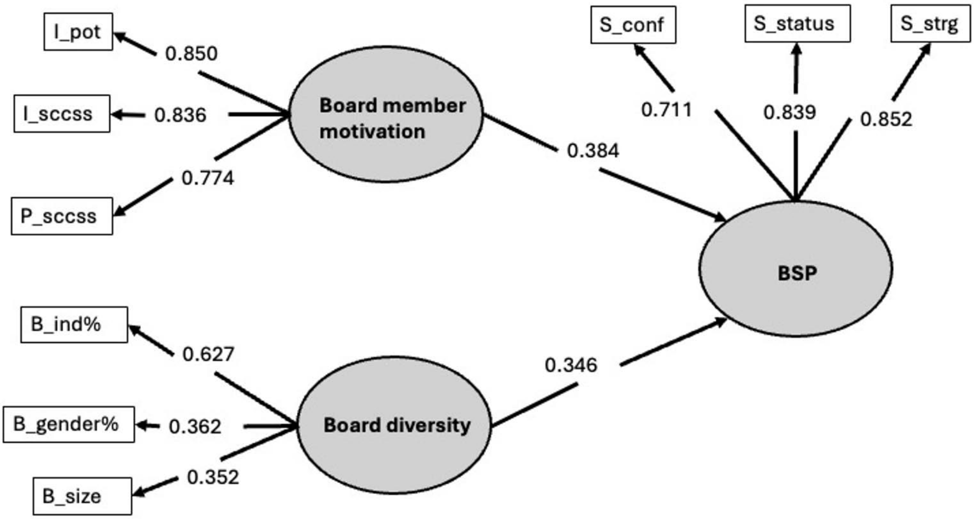

Figure 9. PLS-SEM factor loadings.

The factor loadings presented in Figure 9 indicate that 31.7% of the BSP variable can be explained by the board diversity and board motivation constructs.

Table 20 displays the outer loadings of the PLS-SEM construct along with the Variance Inflation Factor (VIF) values of the outer model.

Table 20. Outer model's loadings and VIF values.

	Board diversity	**Board member motivation**	**BSP**	**VIF**
B_Ind%		0.852		1.223
B_gender%		0.717		1.260
B_size		0.584		1.094
I_pot			0.850	1.711
I_sccss			0.836	1.806
P_sccss			0.774	1.340
S_conf	0.711			1.246
S_status	0.839			1.618
S_strg	0.852			1.752

The detailed collinearity results (VIF) for the inner model are presented in the following table. When F^2 effect sizes are less than 0.02, it indicates that there is no effect (†). The effect is small when the value is 0.02 (*), medium when the value is 0.15 (**) and large when the value is 0.35 or more (***).

Table 21. Collinearity statistics and effect sizes for inner model.

Collinearity statistics	VIF	F² effect size
Board diversity → BSP	1.030	0.093 (*)
Board member motivation → BSP	1.030	0.218 (**)

† = no effect, * = small effect, ** = medium effect, and *** = large effect

Collinearity was analysed by looking at the VIF values. The VIF values of both the outer and inner model collinearity statistics were below the threshold of 5 and met the criteria.

The discriminant validity and heterotrait-monotrait ratio (HTMT) results are presented in the following table. The heterotrait-monotrait ratio describes the discriminant validity between the constructs.

Table 22. Discriminant validity, Fornell-Lackert criteria and hetero monotrait ratios.

Variable	Board diversity	Board member motivation
Fornell-Lackert criteria. BSP	0.803	
Fornell-Lackert criteria. Board member motivation	0.449	0.821
Hetero monotrait ratio, Board member motivation	0.603	

For discriminant validity, all diagonal values ranged between 0.8 and 0.9, indicating good discriminant validity. In the HTMT test, all data met the criterion of values being below 1.00.

Model fit statistics describe how well the constructed model performs. These statistics are shown in the table below.

Table 23. Model fit statistics.

	Saturated model	Estimated model
SRMR	0.078	0.078
Chi-square	69.038	69.038
NFI	0.742	0.742

As we can see from the model fit statistics, the model fit is moderately supported. The SRMR value between 0.08 and 0.10 is considered a good model fit and the given value is just below this limit.

NFI values need to be above 0.9 to be good, but the measured value of 0.742 indicates a poor model fit based on the NFI statistics. The NFI results are below the target of 0.9. It can therefore be said that the model fit with the data is poor.

In order to use the absolute goodness of fit, the Chi-square, it is necessary to count the degrees of freedom. A total of 9 variables were used in the model. The CMIN/DF ratio is calculated by dividing the chi-square by the degrees of freedom. This gives CMIN/DF values of 7.67 for both the saturated model and the estimated model. The value of the CMIN/DF ratio should be less than 3 (Hu and Bentler, 1999) or less than 5 (Marsh et al., 2004), depending on the source. The CMIN/DF of this study is above both thresholds and therefore, according to the CMIN/DF ratio, the model fit is poor.

This model has issues with the model fit, but In this study, the relatively small sample size influences the model fit values, NFI and CMIN/DF ratio (Bentler, 1990). With larger data size the NFI could be improved. This relatively small data set is mentioned in the limitations of the study.

7.2.1 Main PLS-SEM model

This section describes the analysis results of the PLS-SEM model used. These results have been obtained by using PLS-SEM bootstrapping analysis. The PLS-SEM model used is shown in Figure 9 in the previous section.

PLS-SEM analysis was conducted to evaluate the structural model, which included an evaluation of the explained variance, predictive relevance, size and significance of path coefficients, and effect sizes. A total of 1000 rounds of bootstrapping were applied to the dataset. The significance level of 0.05 was tested using a one-tailed test and P-values were collected.

Path coefficients were counted using the PLS-SEM bootstrapping algorithm of Smart PLS4 in path mode. The path coefficients are shown in the following figure.

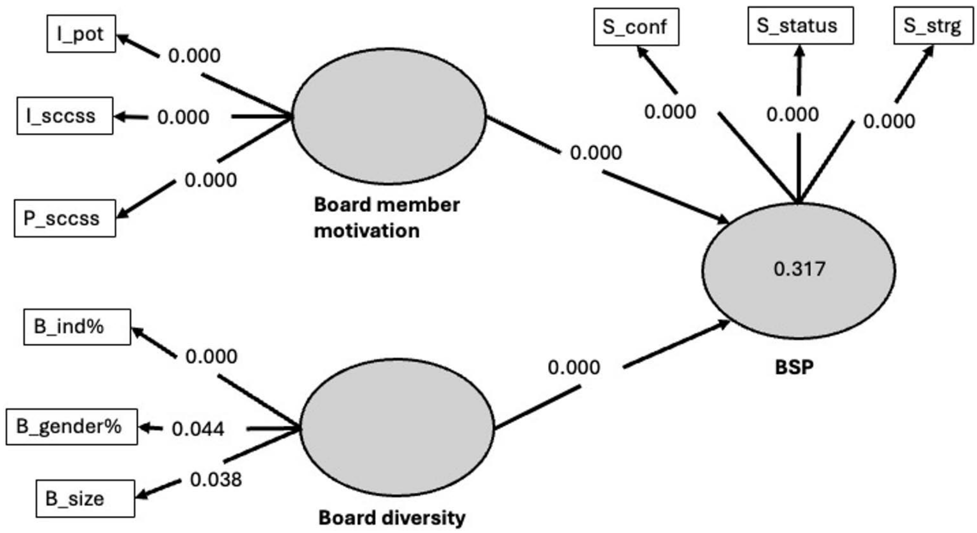

Figure 10. Path coefficients of the bootstrapped model.

The figure presents the bootstrapped t-scores of the model.

Bootstrapping factor loadings are presented in the following table 24.

Table 24. Path coefficients / total effects of the model. Values are bootstrapped factor loadings.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Board diversity → BSP	0.346	0.362	0.084	4.126	0.000
Board member motivation → BSP	0.384	0.390	0.064	6.035	0.000

As can be seen from the data, the t-statistics and p-values indicate that the effects of board diversity and board member motivation on BSP are statistically significant. The table data confirm that the p-values for the effect of board diversity on BSP are within the acceptable range. Similarly, the effect of board member motivation on BSP is also statistically significant, as supported by the corresponding t-statistic values.

7.2.2 BSP effect to financial growth

This section examines the effect of BSP on firm financial performance. The company growth construct has been added to the model, as shown in the figure below.

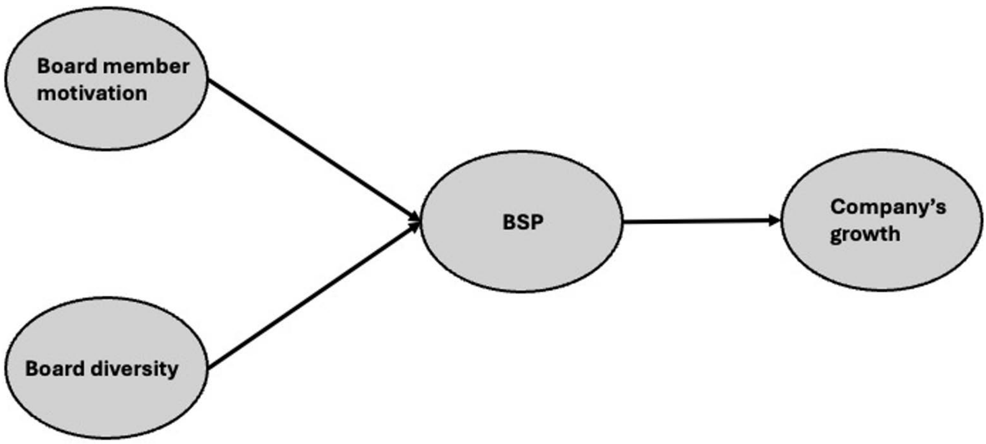

Figure 11. Model with company's growth variable.

Previous researchers have examined whether Corporate Social Performance (CSP) affects organizational performance. Mayry (2022) identified a relationship between Corporate Social Responsibility (CSR) and financial growth, focusing on CSP at the firm level. In this research, social responsibility is measured from the board of directors' perspective, positing that board-level CSR can influence company-level CSR. Many studies have explored the relationship between CSP and company performance, often using financial metrics such as changes in Return on Assets (ROA) and Return on Equity (ROE). While some studies have found an effect, others have not. Despite the controversial correlations between growth and CSP, previous research supports the link between these two constructs. In this study, growth is measured in terms of changes in sales.

Chareonwongsak's (2017) study found certain motivational variables related to an organization's financial performance. Similarly, Harter et al. (2010) discovered that increased employee motivation positively affects an organization's financial performance. In this study, motivation is expected to impact BSP and, through BSP, influence the financial growth of the organization. This established relationship supports the constructed model.

The effect of diversity on financial performance at the firm level has also been researched previously. For example, Fernández-Temprano & Tejerina-Gaite (2020) found that certain diversity variables in both supervisory and executive boards positively affect firm performance, particularly focusing on the relationship with ROA. They examined several different variables related to board diversity.

The study measured the financial growth of companies by asking about the company's annual sales growth percentage over the last three financial years. PLS-SEM analyses were conducted for the company growth construct to assess the structural model, which included an evaluation of explained variance, predictive relevance, size, and significance of path coefficients, and effect sizes.

The outer loadings are shown in the figure and table below. All outer loadings are above the threshold of 0.708. The loadings of the model are shown in the next figure.

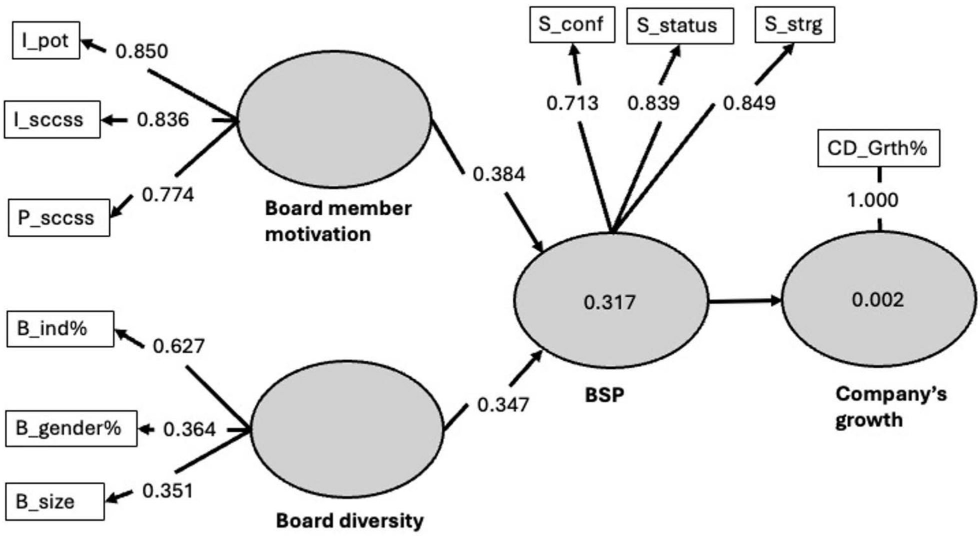

Figure 12. PLS-SEM factor loadings with company's financial growth.

The figure above demonstrates that 0,2% of the company's financial growth is explained by BSP. The external loading of the variable CD_Grth% on the company growth construct is naturally 1.0, as it is the only variable in this construct.

Subsequently, the PLS-SEM bootstrapping analysis was conducted to calculate the t-values and p-values for the model. These results are presented in the table below.

Table 25. Total effects of the model.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
BSP -> Company's growth	-0.047	-0.033	0.130	0.358	0.360
Board diversity -> BSP	0.347	0.362	0.084	4.133	0.000
Board diversity -> Company's growth	-0.016	-0.013	0.048	0.337	0.368
Board member motivation -> BSP	0.384	0.390	0.063	6.050	0.000
Board member motivation -> Company's growth	-0.018	-0.013	0.052	0.348	0.364

The results indicate that the p-values for the company growth construct exceed the threshold values. The T-statistics are also elevated, suggesting that there is no significant relationship between other constructs and the company's growth based on the data collected in this study. The potential reasons for these results will be explored further in the discussion section.

7.2.3 Moderating effects

In addition to the original model, several variables were tested for their moderating effects on BSP. The variables assessed for potential moderating effects included board member age (BM_age), institutional ownership (CD_inst%), business model (CD_model), management ownership (CD_mgmt%), family ownership (CD_family), board member education level (BM_edu), CEO duality (B_dual), and the independent status of board members (BM_ind).

Figure 14 illustrates the moderating effects within the model.

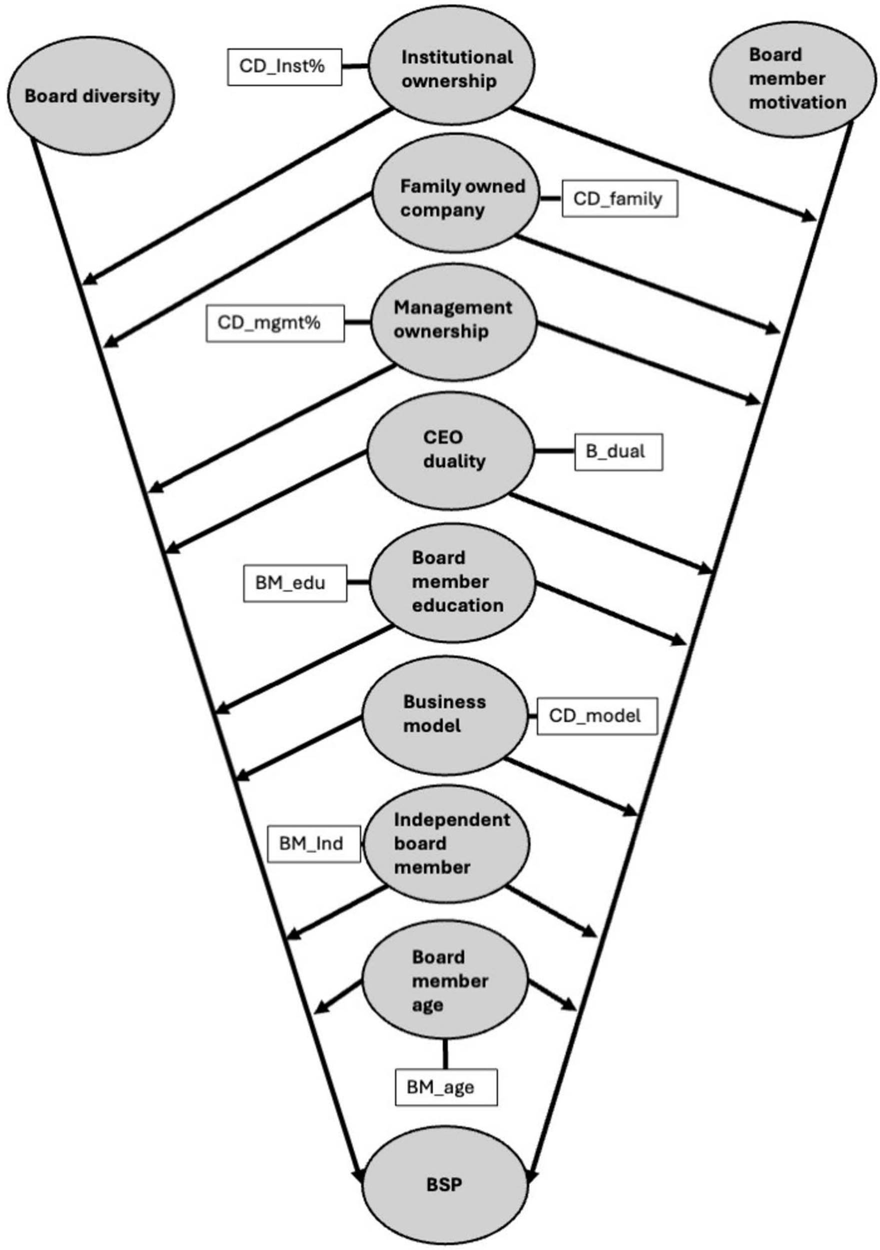

Figure 13. Moderating PLS-SEM model.

Moderating effects in the model are presented in Table 36. The PLS-SEM bootstrapping algorithm was utilized with a path weighting scheme. A total of 1000 rounds of bootstrapping were conducted.

Table 26. Moderating path coefficient effects of the model (acceptable values **bolded**).

Path coefficients	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Board diversity -> BSP	0.329	0.333	0.113	2.909	**0.002**
Board member age -> BSP	0.187	0.189	0.085	2.193	**0.014**
Board member education -> BSP	-0.094	-0.091	0.080	1.177	0.120
Board member motivation -> BSP	0.350	0.356	0.069	5.032	**0.000**
Business model -> BSP	0.198	0.187	0.173	1.143	0.127
CEO duality -> BSP	0.099	0.097	0.324	0.306	0.380
Family owned company -> BSP	-0.113	-0.124	0.212	0.536	0.296
Independent board member -> BSP	0.135	0.142	0.196	0.690	0.245
Institutional ownership -> BSP	0.136	0.136	0.091	1.497	**0.067**
Management ownership -> BSP	0.059	0.065	0.087	0.675	0.250

A statistically significant moderating effect was measured for the moderating effect of board member age on BSP, as the P-value was below the 0.05 threshold. Another moderating effect was observed for institutional ownership; this P-value was above the 0.05 threshold but below the more liberal 0.10 threshold. T-statistics support these findings.

Other moderating factors related to BSP were not statistically significant. The closest possible moderating effects were observed between the business model and BSP, and between board members' education level and BSP. According to the data collected, BSP was higher in service companies than in manufacturing companies, but this finding was not statistically significant as the P-value was above 0.10. Similarly, the effect of board members' education level on BSP was slightly negative, but its P-value was above the threshold of 0.10. The reasons for these findings will be discussed in the discussion chapter at the end of the thesis.

Company size’s effect to the model

The company size variables: company turnover, company balance sheet value, and number of employees were included in the model as moderating variables. These size variables were expected to influence both BSP and board diversity. Although the relationship with board diversity is not direct, it is often observed that the board's work in larger companies is more professional, and therefore, these companies may have more resources and interest to focus on board diversity.

The following figure illustrates how the company size moderating variables were integrated into the original model.

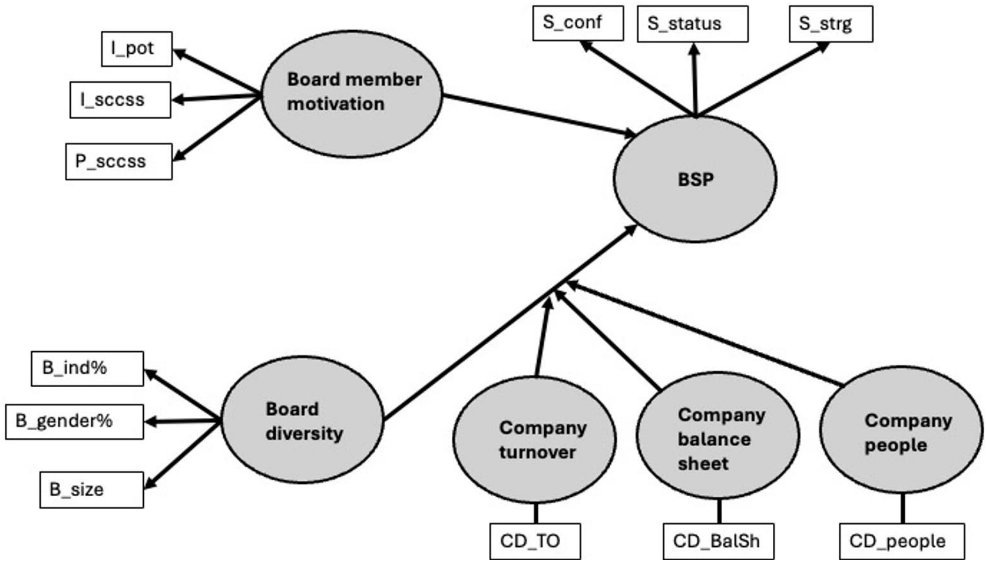

Figure 14. Company size's connection to the construct.

The following table presents the results of the bootstrapping analysis for the company size variable. The bootstrapping analysis was conducted using PLS-SEM 4 software, with 1000 bootstrapping runs and a significance level set at a p-value of 0.05.

Table 27. Company size's moderating path coefficient effects of the model (acceptable values **bolded**).

Path coefficients	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Board diversity -> BSP	0.321	0.331	0.122	2.640	**0.004**
Board member motivation -> BSP	0.375	0.386	0.072	5.203	**0.000**
Company balance sheet -> BSP	-0.063	-0.047	0.154	0.407	0.342
Company balance sheet -> Board diversity	0.370	0.369	0.141	2.624	**0.004**
Company people -> BSP	-0.003	-0.012	0.109	0.025	0.490
Company people -> Board diversity	0.362	0.362	0.158	2.287	**0.011**
Company turnover -> BSP	0.113	0.098	0.153	0.736	0.231
Company turnover -> Board diversity	-0.132	-0.127	0.177	0.745	0.228

The table indicates that the company's balance sheet value has a statistically significant effect on board diversity, suggesting that companies with higher balance sheet values tend to have more diverse boards. Additionally, the number of employees in the company positively influences board diversity, with a p-value below the 0.05 threshold. The challenge is to understand whether a large balance sheet causes a more diverse board, or if a diverse board leads to a large balance sheet. In this study, it is expected that a larger balance sheet precedes a diverse board, as the balance sheet was measured on several scales. Growing from a smaller scale to a larger scale will, in most cases, take a significant amount of time. Other variables did not significantly impact board diversity or the BSP construct. In summary, company size does not have a statistically significant effect on BSP.

Differences between independent and non-independent directors

Another moderating relationship was examined between independent and non-independent board members, assessing differences in both individual board member motivation and BSP. This analysis aimed to explore whether independent board members differ in their motivational factors or in their board's BSP. The analyses were conducted by dividing participants into two groups within the PLS-SEM model and performing a multi-group analysis for the original model. This division was based on the survey variable BM_ind, which identified whether the respondent was an independent board member at the selected company. The first category included independent board members, while the second category comprised non-independent board members.

The following table presents the moderating effects of being an independent board member on the motivation construct and on the BSP construct.

Table 28. Independent board member status effects to motivation construct and to BSP construct.

	Original (Ind)	Original (Non-ind)	Mean (Ind)	Mean (Non-ind)	STDEV (Ind)	STDEV (Non-Ind)	t value (Ind)	t value (Non-Ind)	p value (Ind)	p value (Non-ind)
I_pot <- Board member motivation	0.905	0.774	0.909	0.774	0.038	0.077	23.760	9.996	0.000	0.000
I_sccss <- Board member motivation	0.881	0.758	0.869	0.744	0.082	0.116	10.776	6.539	0.000	0.000
P_sccss <- Board member motivation	0.738	0.815	0.690	0.812	0.179	0.096	4.135	8.507	0.000	0.000
S_conf <- BSP	0.848	0.572	0.850	0.569	0.041	0.157	20.580	3.654	0.000	0.000
S_status <- BSP	0.854	0.837	0.839	0.822	0.062	0.076	13.701	10.949	0.000	0.000
S_strg <- BSP	0.804	0.888	0.802	0.881	0.068	0.049	11.855	18.230	0.000	0.000

*Ind = independent board member, Non-ind=non independent board member

It can be seen from the results that there are differences between the motivation variables' external loadings for these two groups. This indicates that the motivations of the groups differ from each other. Independent directors show stronger motivation regarding intention-related variables (I_pot and I_sccss), whereas non-independent directors are more motivated by the preference-related variable P_sccss. However, the differences are relatively minor, and it cannot be conclusively stated that there are significant differences between independent and non-independent board members.

According to the results table, independent and non-independent directors perceive BSP similarly. The primary distinction lies in their comfort with taking on social responsibility-related items and discussing them on the board's agenda, as the outer loading of the S_conf variable is higher for independent board members than for non-independent ones. Apart from this, the loadings on the BSP construct are relatively similar between the two groups.

7.3 Evaluation of the hypotheses

The PLS-SEM results can be summarized as follows, detailing the path coefficients and endogenous constructs:

1. Factors influencing board members' motivation include the opportunity to utilize all of a board member's potential and skills for the company, the chance to feel successful through hard work, and the rewards of success. Other variables influencing overall motivation were not found to be statistically significant.
2. Board diversity factors such as board size, the percentage of female board members, and the percentage of independent board members contribute to increased board diversity. Greater board diversity positively impacts BSP.
3. BSP is influenced by the CSR status of the company, the integration of the sustainability strategy into the overall strategy, and the comfort of board members in discussing responsibility issues at board meetings.

The hypotheses of the study were developed in Chapter 5.6 "Developing the Hypotheses." This section focuses on the responses to the hypotheses.

Hypothesis 1

The first hypothesis is as follows *Hypothesis 1. Financial benefits have a positive effect on boardroom motivation.*

To test Hypothesis 1, the financial variables I_fina and P_fina were added to the model. Below are the factor loadings and p-value results from the PLS-SEM calculations. Figure 15, displayed next, illustrates how the financial variables were incorporated into the PLS-SEM model.

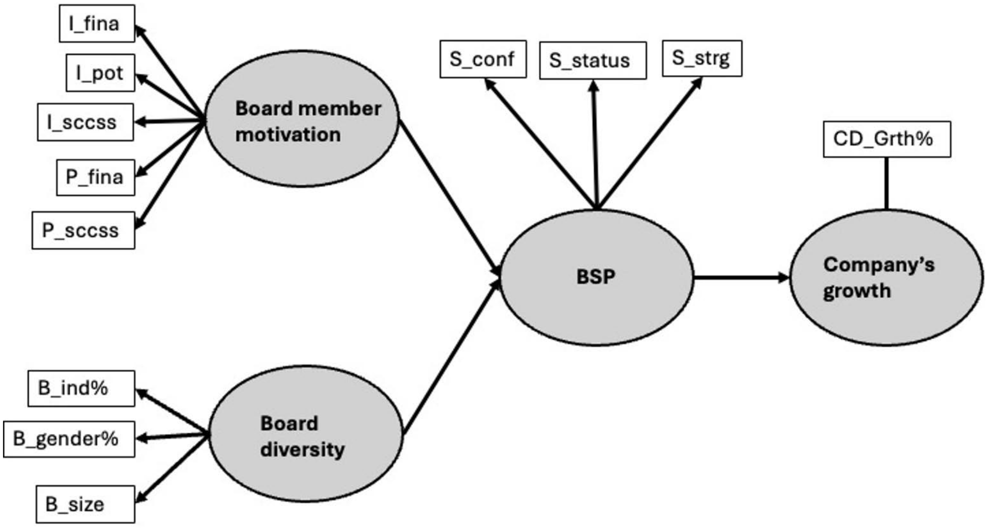

Figure 15. Financial motivation variables in the PLS-SEM model.

Once the model was created, the results were generated using the PLS-SEM algorithm with the factor weighting scheme to assess the impact of financial variables on board member motivation.

Table 29. Finance variables loadings to motivation in PLS-SEM.

	Board member motivation
I_fina	-0.159
P_fina	-0.174

Once the factor loadings were calculated, the results of the bootstrapping analysis were determined using the path weighting scheme.

Table 30. Finance variables bootstrapping results.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
I_fina <- Board member motivation	-0.158	-0.515	0.183	0.865	0.194
P_fina <- Board member motivation	-0.173	-0.166	0.195	0.890	0.187

Based on the results above, Hypothesis 1 is not supported, as none of the financial-related variables (I_fina and P_fina) had factor loadings above 0.7 on the motivation variable, and their effects were not statistically significant, with p-values higher than 0.1.

Hypothesis 2

The second hypothesis reads as follows *Hypothesis 2. Instrumentality has a positive effect on board members' motivation.*

In this study, the instrumentality variables I_pot and I_sccss loaded on the motivation variable with factor loadings above 0.7, as shown in Table 14. Consequently, these variables were included in the original PLS-SEM model. To test Hypothesis 2, all other intention-related variables collected in the survey were included in the model.

The outer loadings for the model with all collected intention-related variables are presented in the following table.

Table 31. Intention variables p-values in bootstrapping analysis.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
I_Rspct <- Board member motivation	0.558	0.520	0.140	3.991	**0.000**
I_fina <- Board member motivation	-0.057	-0.059	0.165	0.345	0.365
I_honor <- Board member motivation	0.387	0.360	0.186	2.076	**0.019**
I_pot <- Board member motivation	0.810	0.799	0.065	12.451	**0.000**
I_recog <- Board member motivation	0.349	0.323	0.175	1.993	**0.023**
I_sccss <- Board member motivation	0.797	0.774	0.080	10.012	**0.000**
I_soc <- Board member motivation	0.506	0.476	0.152	3.337	**0.000**
I_task <- Board member motivation	0.373	0.344	0.190	1.960	**0.025**

As can be seen from the analysis results, the p-values for the intention-related variables, except for the financial intention variable, meet the 0.05 threshold. However, only the variables used in the original model (I_pot and I_sccss) had factor loadings above 0.7. Since the results show that the p-values for the intention-related variables are acceptable, Hypothesis 2 is supported.

Hypothesis 3

Hypothesis 3 was as follows*: Hypothesis 3: Board diversity has a positive impact on BSP.*

Hypothesis 3 is supported based on the PLS-SEM model. According to the collected survey data, the board diversity variables related to the percentage of independent board members (B_Ind%), the percentage of female board members (B_gender%), and board size (B_size) have a positive impact on BSP. This relationship is statistically significant, with a standardized path coefficient above 0.1, a p-value below 0.05, and acceptable confidence intervals.

Hypothesis 4

The next hypothesis, number four, was following: *Hypothesis 4. Board member age has a negative effect on BSP.*

In this study, a positive moderating effect was found between BSP and the age of board members (variable BM_age), indicating that higher board member age corresponds with higher BSP. This relationship was statistically significant with a p-value below 0.05. The loading from the age of the director on CSP was 0.187, which is relatively weak.

Therefore, Hypothesis 4 was not supported in this study, but a significant relationship was found between the age of the board members and the CSP of the board. Contrary to expectations, the relationship was positive, with a standardized path coefficient above 0.1, a p-value below 0.05, and acceptable confidence intervals.

In this study, CSP-related variables were assessed by the board members themselves, which may have introduced bias. It is possible that older individuals' perceptions and expectations of what constitutes a good BSP differ from those of younger board members, potentially leading younger members to expect higher BSP standards before considering it satisfactory.

Hypothesis 5

The next hypothesis, number five, is discussed next. This hypothesis has been divided into three sub-hypotheses as shown below:

Hypothesis 5. Company ownership has an effect on BSP, which is divided into the following sub-hypotheses.

Hypothesis 5.1. Institutional ownership has a positive effect on BSP.
Hypothesis 5.2. Management ownership has a negative effect on BSP.
Hypothesis 5.3. Family ownership has a negative effect on BSP.

Hypothesis 5.1 is supported. The factor loading for Institutional Ownership on BSP is 0.136, and the p-value meets the 0.10 significance criteria at 0.067.

The factor loading for Hypothesis 5.2 is very low at 0.059, and the p-value of 0.250 is also above the significance threshold. Therefore, Hypothesis 5.2 is not supported.

In Hypothesis 5.3, the factor loading is -0.113, but the p-value of 0.296 is not acceptable. Therefore, Hypothesis 5.3 is not supported.

In summary, Hypothesis 5 is partially supported, but only from the perspective of institutional ownership. This study investigated family ownership in a binary form; however, using the percentage of family ownership in the company could have altered the results.

Hypothesis 6

The final hypothesis, number six, was as follows:

Hypothesis 6: The BSP has a positive effect on the financial growth of the firm. This hypothesis, number six, is not supported in this study. The standardized path coefficient of BSP on firm growth was -0.046, and the total effect on firm growth was 0.2%. Additionally, the relationship was not statistically significant, with a p-value of 0.360, which is above both the 5% and 10% thresholds.

Summary of the hypotheses

The summary of hypotheses H3-H6, including their path coefficients and significance for the survey dataset, is presented in the following table.

Table 32. Path coefficients and significance of hypothesis.

Hypothesis	Path	Path coefficient	P value	Confidence interval	Significant
H3	Board diversity → BSP	0.346	0.002	[0.222; 0.498]	Yes
H4	Board member age → BSP	0.187	0.023	[0.048; 0.322]	Yes
H5.1	Instutional ownership → BSP	0.136	0.067	[-0.010; 0.282]	No
H5.2	Management ownership → BSP	0.059	0.250	[-0.083; 0.202]	No
H5.3	Family ownership → BSP	-0,113	0.296	[-0.476; 0.212]	No
H6	BSP → Company's growth	-0.009	0.426	[-0.181; 0.168]	No

Note: Confidence interval = 95% bootstrap confidence interval

Findings are considered significant if the p-value is 0.05 or less and the internal confidence is positive (Kock, 2016).

7.4 Answers to research questions

This section addresses answers to the research questions posed in section 1.5 of the introductory chapter, and the practical implications of these findings are discussed in the next chapter, conclusion.

The first research question was as follows **RQ1:** *How are individuals motivated to serve on a board of directors?*

The survey assessed several variables related to motivation, categorized into three groups: motive, intention, and preference. These variables were examined to determine if any stood out significantly. According to confirmatory factor analysis, the variables I_pot, I_sccss, and P_sccss were significant, with factor loadings above the 0.7 threshold. Subsequently, the p-values for each were found to be statistically significant in the PLS-SEM analysis, all below 0.05.

These three variables were the primary motivation-related factors identified in this study. For all other variables, the loadings were below the threshold, indicating a lesser effect on board members' motivation.

This study highlights the increasing importance of leadership on boards. Financial benefits or opportunities for personal gain did not significantly motivate board members, particularly concerning Board Social Responsibility (BSR). The variables I_sccss and P_sccss reflect the board members' willingness to work hard to feel successful, which often requires meeting specific goals and targets. The variable I_pot indicates that board members are eager to utilize their full potential for the benefit of the company, seeking challenges that compel them to perform their best. Specifically, this study links these findings to the sustainability activities decided and implemented by the board.

The second research question was **RQ2:** *How does board diversity affect the social performance of boards?*

This study identified that the diversity variables influencing the board diversity construct included the relative number of women on the board, the relative number of independent directors, and the size of the board. The findings suggest that boards with greater diversity exhibited higher Board Social Performance (BSP). In these companies, the CSR strategy was better integrated into the overall strategy, the CSR status of the company was higher, and the board members were more open to discussing sustainability-related issues in the boardroom.

This study demonstrated a positive relationship between board diversity and BSR, indicating that more diverse teams are likely to achieve better outcomes on sustainability-related issues or at least show a greater willingness to discuss and make decisions about sustainability. International board members may have contributed to the overall score; however, their representation was minimal among the respondents, meaning that only a few companies had an international board member. The potential impact of other unmeasured diversity variables will be discussed in the final discussion chapter.

The third research question of the study was as follows: **RQ3**: *How does board-level social sustainability affect firm-level financial performance?*

The social performance of the board was assessed by gathering the opinions of the board members themselves. According to the results, the variables S_conf, S_status, and S_strg loaded sufficiently on the BSP factor, with factor loadings for each variable above 0.7 and p-values below 0.05. S_conf assessed whether individuals felt comfortable discussing sustainability with the board. S_status described the overall CSR situation of the company on a 4-point scale, while S_strg inquired whether the organization's responsibility strategy was considered in board activities.

Other sustainability variables did not load significantly on the factor, and their p-values were too high, possibly indicating response bias. It is often questionable whether individuals can accurately assess their own activities and performance.

The study found no relationship between BSP activities or BSR and the financial growth of the company. Growth was measured by changes in turnover over the last three years.

To summarize, no effect was observed between BSP and company financial performance in this study. This absence of effect may primarily be due to delays between changes in BSP and CSP, which then impact CFP. It is expected that it often takes time for BSP improvements to influence CSP and subsequently affect financial performance of the company.

8 Conclusion

This final chapter synthesizes the findings of the study, beginning with a summary of the results, which includes references to previous research. This summary is followed by an in-depth examination of the findings, exploring both theoretical insights and practical implications. Subsequently, the limitations of the study are discussed, and potential avenues for future research are identified. Methodological choices made during the study are also reviewed, with considerations for alternative methods in future research. The chapter concludes with a personal reflection on the study.

The impetus for this study stemmed from a desire to understand what motivates individual directors to serve on boards, a topic of considerable interest given the significant personal responsibility that accompanies board membership. In addition to exploring motivational factors, the attitudes and opinions of board members towards CSR were assessed to gauge how these factors influence sustainability at the board level.

The study was conducted via a survey among 115 board experts who were active members of company boards in Finland. The collected data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, employing SmartPLS 4 software for the analysis.

The responses to the hypotheses and research questions were detailed in Chapter 7. This concluding chapter focuses on synthesizing the study's results and discussing their significance.

8.1 Theoretical contributions and comparison with previous studies

The results of the study, in comparison with previous studies, are divided into four categories. The discussion begins with BSP, followed by examinations of the key constructs of the study: board member motivation and board diversity. The section concludes with an analysis of the relationships and implications among these constructs. For each category, the findings are summarized and compared with those of previous studies. As an overall summary of the results, both board member motivation and board diversity were found to have an effect on BSP.

BSP

This study introduces new terms: BSR (Board Sustainability Responsibility) and BSP (Board Sustainability Performance), which describe board-level responsibility and performance, respectively. Detailed definitions are provided in Chapter 3. Although BSP is a new term, this study identifies factors that influence it.

BSP was found to be influenced by three variables that were significant within the BSP construct: CSR strategy implementation (S_strg), CSR status (S_status), and comfort discussing sustainability-related matters in board meetings (S_conf). Each of these factors had a statistically significant impact on BSP.

Previous studies have identified similar factors affecting BSP. Silvius et al. (2019) conducted a study on the sustainability roles of managers on boards of directors, noting that an organization's opinion, directors' opinions, board opinions, and sustainability strategy affect the board's interest in CSR. Similar results were observed in this study. However, a key difference emerged: according to this study, directors' personal interest in social responsibility does not influence BSP. This discrepancy may be due to local differences, as Silvius et al.'s study was conducted in the Netherlands and focused on managers (such as CEOs), whereas this project was conducted in Finland and from the perspective of board members.

Another factor impacting the BSP construct was the CSR status of the company. The scaling of the CSR status variable was based on the model constructed by Baumgartner et al. (2006). The results of this study align with their theory: companies that maintain robust CSR practices have boards that are more aware of CSR.

The willingness of board members to comfortably discuss sustainability-related issues at board meetings also affected BSP. If sustainability issues are taboo or undervalued in board meetings, board members may hesitate to bring up their concerns or ideas. This finding aligns with Silvius & Graaf (2019), who discovered that the ability and willingness to discuss sustainability-related issues enhance board sustainability.

The relationship between CSR strategy and BSP could either be a cause or an effect of a CSR-driven board. This study suggests that the ability to work with a CSR strategy increases BSP. However, it could also be that a board driven by sustainability concerns may develop a CSR strategy based on its own interests and motivations. This study does not resolve the dilemma of causality between these variables.

Moderating effects on BSP were also measured. The age of the board member had a positive moderating effect on BSP, suggesting that older board members may have lower standards and expectations for satisfactory or excellent social performance compared to their younger counterparts. This was a statistically significant finding, although it could reflect differing expectations about what constitutes an adequate level of sustainability in the board and company environment. Wiernik et al. (2013) found similar results regarding environmental sustainability, suggesting that older people are more willing to consider nature in their decisions, whereas younger people might discuss sustainability without implementing it.

Institutional ownership also moderated BSP; higher institutional ownership correlated with higher BSP. This might be because institutional owners have different expectations and requirements for CSR compared to non-institutional companies. As no external measures of BSP were used in this study, variations in the scale or objectives of BSP in the boardroom could have influenced the results. There is also a risk that respondents may have confused CSR with environmental responsibility, as sustainability questions are often interpreted as pertaining solely to environmental issues.

Although this study is among the first to focus on board-level sustainability, it explores the topic from the board's perspective and collects data on how board members themselves evaluate the board's sustainability discussions and decisions.

Board-level sustainability focuses on the board's ability, willingness, and opportunity to discuss and decide on sustainability-related issues, whereas CSR measures sustainability at the company level. This distinction is important in countries where the board has a strategic rather than supervisory role (such as in the Nordic countries), as sustainability-related decisions and activities must be integral to the board's work. Currently, there are no measurement scales or external evaluation tools for assessing sustainable performance at the board level, so BSP relies on board members' own assessments of their sustainable practices. For company-level sustainability, several different measurement tools and methods can be used by external partners or the company itself. The trend in CSR is towards quantified scores, while BSR focuses more on board discussions and decisions. Although the items within CSR and BSP may be the same, the context of evaluation differs. It can be expected that effective BSP would lead to higher CSP, but further research is necessary to confirm this.

Many of the following results are evaluated for both CSR and CSP because the concepts of BSR and CSR are similar, though they operate at different organizational levels. The organisational level changes between the terms, so it is to be expected that the results will be consistent with previous CSR-focused studies.

Board’s Motivation

This study focused on the motivational factors of board members. The motivational factors affecting board members' motivation were identified as the intention to use one's potential (I_pot), intention to succeed (I_sccss), and the possibility to succeed

(P_sccss). These findings are consistent with those of Chareonwongsak (2017), suggesting that board members are motivated by similar factors, regardless of the type of organization they serve. Chareonwongsak's research was conducted in a cooperative environment, whereas this study is set within a corporate context.

The motivation section of this study was categorized into motive, intention, and preference-related variables, all expected to contribute to the same board member motivation construct. Interestingly, the intention and preference-related variables had a greater impact than the motive-related variables, aligning with findings from previous research.

Furthermore, the results indicate that board members in Finland are proactive and committed to fulfilling their roles beyond mere supervisory duties. This assertion is supported by the fact that motivation variables, indicating board members' desire to utilize all their skills and knowledge for the company, significantly influenced the motivation construct. Additionally, the variable measuring the willingness to achieve success shows that board members are dedicated to contributing to the company's success and are not content with passive participation. This determination to excel is often indicative of an individual's value to the company. A similar observation was made by Guerrero Sylvio (2012), who noted that board members felt motivated when they recognized their value and necessity to the company.

From the perspective of motivation theory, findings are focusing on intrinsic factors, while the effects of extrinsic factors on motivation are smaller. This differs from the motivation of regular employees and managers since studies have found that extrinsic factors, like compensation and proper working conditions, play a more significant role in their motivation (Lukianenko et al., 2015).

From the perspective of agency theory, the results are useful for shareholders since it appears that board members are motivated to challenge themselves and are interested in complicated and challenging issues. This reduces the risk of agency conflict between shareholders and the board of directors. On the other hand, agency conflict between the CEO and board of directors still exists, since the CEO may be motivated by goals and extrinsic factors (like financial performance), while the board is driven by intrinsic factors (Cieślak, 2018). This may lead to differing views on solutions and topics to be discussed together with the CEO and the board.

From the perspective of role theory, the results could not be evaluated, as the survey was conducted from the board of directors' point of view and there was no control data from people in their different roles. However, understanding role theory is important since board meetings and discussions are often conducted from the board's perspective, which may be completely different from people's roles outside the boardroom. This would be a highly interesting future research topic — to see if people make decisions differently in their board roles compared to their other roles, especially the difference between manager and board roles.

Work motivation studies have previously found that employee motivation and performance have a positive relationship (Shahzadi et al., 2014). In this study, higher individual motivation led to higher performance at the team level. Thus, the same connection can be found in the board of directors. However, motivation factors between employees and board directors seem to be different. One reason for this might be that board members' financial well-being is not dependent on one company's board compensation, whereas employees are typically financially highly dependent on their employer.

These findings pose a challenge to company owners and chairpersons to engage their board teams effectively by setting goals and creating opportunities for each board member to feel successful in their role. This approach is supported by Guerrero et al. (2014), who argued that the chairperson's authentic leadership plays a crucial role in motivating board members.

Board’s Diversity

This study examined the impact of board’s diversity characteristics on BSP. The diversity characteristics that influenced BSP included the relative proportion of independent board members (B_Ind%), the relative proportion of women on the board (B_gender%), and the size of the board (B_size). As each of these variables increased, so did BSP. This finding aligns with the research of Ullah et al. (2019) and Jaturat et al. (2021), which suggests that having women on the board enhances social responsibility at the firm level, similarly increasing BSP in this study. This correlation is logical, as many CSR-related metrics are determined or approved by the board. However, due to limitations in the research data, it was not possible to fully measure the specific impact of women on BSP. Thus, it can be inferred that a mixed-gender board contributes positively to BSP.

Additionally, independent board members were found to positively affect BSP. This study corroborates the findings of Rouf & Hossan (2020), which observed that both female board members and an increase in independent board members positively influenced board CSP. In contrast, Rouf & Hossan's study noted that board size did not have a statistically significant impact on the company's social performance, which differs from this study's focus on BSR. This discrepancy may be attributed to the fact that this research was conducted in a Western country, where boards might face greater external pressure to prioritize social responsibility. Furthermore, recent changes in sustainability reporting may have influenced company board structures, leading to the selection of individuals focused on sustainability and social responsibility, alongside traditional board members.

This study was unable to determine whether a particular board size is optimal for BSR, owing to the limited participation of large board members. This remains an area for further investigation.

BSP & Growth

This study also examined the effect of Board Sustainability Performance (BSP) on the growth of company sales. No correlation was found between BSP and the company's financial growth, as the p-values and factor loadings for the correlation were too weak.

Previous studies have investigated the relationship between BSP and growth. For example, Mayry (2022) found a relationship between Corporate Social Responsibility (CSR) and growth, contingent upon choosing the appropriate business strategy. Her study focused on the Corporate Social Performance (CSP) at the company level, whereas this study concentrated on the CSP from the perspective of the board. It is important to note that the board's CSP may differ from the company's overall CSP.

The motivational role of the board in financial growth has been previously researched. Chareonwongsak (2017) discovered that the board's work motivation had a significant positive relationship with the organization's performance, which was measured by return on equity, profitability (i.e., no loss), and the quality of internal management. In contrast, this study measured performance using sales growth as a financial performance indicator and did not find a correlation between motivational factors and organizational growth through BSP. However, the results concerning financial motivational factors affecting the board's or the organization's financial performance align with Chareonwongsak's findings, as no relationship was identified between financial motivational factors and the organization’s financial performance.

Several reasons may explain why such a relationship was not found in this study. Firstly, the study did not span multiple time points; it only measured a single data point for growth. Many variables and factors affect a company's growth, making it challenging to isolate the influence of CSR-related variables if only the role of CSR in growth is measured.

Secondly, CSR-related factors and items have gained importance only in recent years. As discussed in the literature review, much board work is future-oriented, targeting goals 3-5 years in the future. Consequently, BSR activities and improved BSP may not yet be reflected in the growth-related figures measured over the past three years, where changes in sales are expressed as a percentage.

Thirdly, the concept of growth is always subject to debate regarding whether it is a goal for every company. Companies can be at different life stages, and sometimes efficiency, rather than growth, is the objective. Especially in contemporary contexts, trends towards sustainable growth are pursued, which may prioritize goals other than maximizing financial benefits for the owners of the company.

From triple bottom line concept point of view board's role in the CSR can't be underestimated. Like Żak (2015) in his summary wrote, the concept of triple bottom line must be taken into an account when making decisions in the long term perspective.

8.2 Validity and reliability

Globally, there are relatively few studies that combine individual motivation with sustainability at the team or even firm level. Previously, the relationship between the chairperson and the CEO in Finland was studied by Koskinen (2019). Additionally, there have been dissertations related to CSR and CSP, for example by Turunen (2021), but this study is among the first in Finland to focus on board members as individuals.

Detailed results of the hypotheses are presented in Chapter 6.5, and answers to the research questions are found in Section 6.6.

Content Validity

To ensure a deep and broad theoretical understanding, a literature review was conducted and documented at the beginning of the thesis. The purpose of the literature review is to present existing information and knowledge on the topic (Western Sydney University, 2017). As this study introduces new terms, these are presented in the introductory chapter to give readers an understanding of the overall framework of the study.

The review begins with an exploration of the role of the board of directors in corporate governance, covering aspects such as board structure, roles, characteristics, and duties within the top management team of the company. These theories provide a starting point to understand the role of the board in a company and how individual board members are perceived within the board context. Additionally, the board's role in corporate governance is discussed to understand how decisions are made and discussions are held regarding CSR-related items.

The second section of the literature review focuses on the motivation of board members, examining theories such as motivation theory, agency theory, work motivation, and the role of rewards in motivation. Additionally, the review discusses the influence of rewards and motivation on decision-making.

The third section of the literature review focuses on the impact of the board on corporate social responsibility. It includes role theory, board performance, corporate sustainability performance, motivational aspects of board work, and various demographic factors affecting CSR.

Criterion-Related Validity

Criterion-related validity examines the correlation between a measure and the criterion variable of interest. A high correlation indicates that the measurement is valid for the criterion, making it valuable for the specific purpose at hand (Carmines and Woods, 2005). To maximize criterion-related validity, all survey questions were based on previous research and studies, providing a link to existing research and theory.

The survey study was developed through a careful review and analysis of the existing literature. All survey variables are presented in Section 5.2.1, "Content of the Survey." The detailed survey itself is presented in Appendix 1, and the original sources for each survey question are presented in Appendix 3, "Sources of Survey Questions."

Construct Validity

Construct validity is considered good when the empirically observed variables are consistent with the theory-based model. The basic assumption is that the construct must be theoretically grounded (Carmines and Woods, 2005).

The model of this study is based on the theories described in Chapters 2, 3, and 4 of the literature review. The results obtained were discussed and compared with the existing literature and previous research in Chapter 6.

Reliability

In terms of reliability, the study adheres to the traditional notion that there should be no systematic error within the measurement. Common methods of increasing reliability include repeating measurements, collecting larger data sets, and using multiple questions to measure the same phenomenon to minimize the possibility of systematic error (Alwin, 2005).

The survey consisted of 58 data points and 4 additional questions, which later yielded 2 additional data points that were counted based on the data collected. In total, 115 completed responses were received, and approximately 6,900 data points were analyzed. The survey was tested with several people prior to deployment to ensure question clarity and technical functionality. The well-known data collection tool Webropol was used to minimize technical difficulties during the survey.

During the data analysis phase, multiple tests for data reliability were conducted according to the guidelines of Hair et al. (2018). The detailed results of the data reliability and validity tests are presented in Chapter 7.2.

8.3 Methodological Reflection

This research project marked the researcher's first comprehensive survey study focused on boards. Throughout the data collection phase, many ideas were generated in discussions about the survey with individuals actively involved in company boards.

The strengths of the survey research methodology included the ability to reach a large number of board members in a timely manner. Given the inherent diversity of companies, the study encompassed over 100 different organizations, making the results broadly applicable to various board practices. The use of quantitative methodology facilitated a smooth and relatively quick process compared to other approaches. Additionally, this method allowed for easier integration of the study with other duties and responsibilities.

Conversely, a weakness of the chosen research method was its focus on several companies, recording only one board member's opinion per board. This universality may affect the specificity of the results, making detailed analysis challenging. Another drawback is that the survey was conducted at a single point in time, which complicates capturing the long-term impact of board activities on CSR and CSP. The study acknowledges that growth results from past board activities and that various board members may have contributed to decisions over time.

The study was designed as a survey early in the research process, as it was deemed an efficient way to reach multiple board members. While the decision to use a quantitative survey fixed some methodological aspects early on, it also accelerated the overall process. However, consideration of alternative approaches, such as qualitative research into board members' motivations, might have yielded different insights.

The chosen research approach was positivist, and it was recognized that alternative approaches might have led to different methods and outcomes. For instance, using a qualitative research method could have facilitated a more nuanced understanding. The study collected data through a single survey, constrained by time limitations. Given this, longitudinal data collection could have provided valuable insights into how board attitudes towards sustainability evolve over time.

Methodologically, conducting interviews rather than a survey might have offered deeper insight into the motivations of individual board members. While the study focused on gathering opinions from individual board members about the company's CSR status and, specifically, the individuals' views on the board's sustainability performance, collecting data from all board members could have provided a more comprehensive understanding and highlighted differences between team members. Analyzing each board member individually, along with the incentives for their involvement, might have revealed diverse motivational factors.

The nature of this research project is explanatory, but alternative approaches could have resulted in different types of research. For example, an evaluative research approach could have explored how different incentives affect the performance of individual board members. Furthermore, an explanatory approach to the newly described concept of BSR could have led to a different type of research, particularly in this study where the new term was coined at a relatively late stage after the data had already been collected.

8.4 Managerial implications

This section discusses the practical implications of the study, which are primarily based on the research findings. In addition the researcher's vision of how these findings can be applied in the practical work of boards and top management teams.

This study aims to inspire future researchers to engage in the study of boards of directors, given their role as the highest decision-making bodies in a company. Boards are crucial in setting the strategy and goals of the organization, thereby significantly impacting both financial growth and sustainability. The role of the board in sustainability issues is expected to grow as many sustainability issues become strategic in the coming years.

One outcome of this study was gaining an understanding of the motivations of individual board members and how the board can contribute to corporate social responsibility (CSR). This was measured by examining individual board member motivation variables and team-level diversity variables to understand the board's role in Corporate Social Performance (CSP). Additionally, the impact of board CSP on company growth was assessed to contribute to the current public debate about the importance of sustainability in companies' operations and at the strategic level.

Boards are a relatively under-researched subject in Finland. Typically, boards are studied as entities or as part of corporate governance. Given that the board makes the most critical decisions from the company's perspective, it is valuable for society to better understand how boards can be motivated to perform optimally. Considering the significant role that companies play in the Nordic welfare states, understanding how to support company growth is crucial for the future of Nordic welfare. Moreover, this study has increased many board members' interest in academic research, which may support research funding, encourage data collection, and attract new individuals to scientific research. Although the study did not find a link between board social performance (BSP) and company sales growth, the growing importance of sustainability and upcoming sustainability reporting guidelines, along with increasing customer awareness, may rapidly change the situation.

In terms of motivation, the potential for success and the opportunity to utilize all the skills and knowledge of the board member were found to be important. The setting of goals, objectives, and opportunities for achieving success were also deemed significant. This challenges company owners to reflect on their business goals: is the aim merely to generate profit, or are there also sustainability and CSR-related goals and objectives? The study suggests that setting clear goals and targets increases board members' motivation to work towards achieving these goals. It can be expected that the more motivated a board member is, the more effort they will put into their work. In practice, these goals and targets are communicated and discussed with board members on a monthly basis by the chairperson. This highlights the chairperson's crucial role as the leader of the team and their ability to set and communicate goals and targets effectively. The chairperson's influence in discussing leadership in the boardroom is already significant, but the results of this study highlight the importance of goal-setting from a motivational perspective.

The aim is to help current and future board members and company owners understand how boards should be led, with particular emphasis on the role of board chairs. Recognizing that board members are motivated by the opportunity to utilize their skills and knowledge for the benefit of the company signals their willingness to make an active contribution, rather than merely attending meetings and reviewing reports. It is anticipated that there will be an increasing separation of CEO and board roles, with CEOs focusing more on managing the business and boards concentrating on delivering shareholder strategies. The role of the chair in leading the board will become more important due to modern technologies, a rapidly changing environment, and the ability of individuals to participate in board work remotely and potentially serve on multiple boards simultaneously. This poses a challenge for chairs to effectively lead and motivate board members.

This study is the first to examine board motivation in Finland, thereby providing valuable insights into how Finnish board members perceive their environment. A better understanding of board members can impact every company in Finland, as every company is required to have a board. Understanding the advantages and disadvantages of board diversity can also help companies build more effective teams, not only within boards but also within operational teams.

Diversity is a widely discussed topic among board professionals in Finland, as is sustainability. The results of this study underscore the importance for shareholders to select the right individuals for the board: the more diverse the board, the higher the CSP. In this study, the diversity variables that affect CSP included gender, board member independence, and board size. Age was also found to be related to board CSP: the older the board member, the higher the board's CSP. The impact of diversity on the board has been researched extensively, and this finding supports the importance of a diverse board structure.

Collecting information about the motivational factors of individual board members contributes to a better understanding that the board, although a team, is composed of individuals. This study aids future boards in motivating themselves, which may lead to increased effort and satisfaction among board members and possibly longer board memberships. However, the impact of longer board tenure on firm performance requires further research.

8.5 Limitations of this research

The main limitation of this study is the sample size. Despite considerable efforts to collect a larger dataset, the total number of acceptable responses was limited to 115. This sample size restricts the statistical reliability of the results.

The research data for this study were collected through specific board and business-related networks in Finland. Consequently, the data may not accurately represent the general population of Finnish companies and board members, as individuals within these networks are likely to be more active than the average board member. Moreover, the increased interest in boards among the respondents could have influenced their responses.

Another limitation is that the variables measured and analyzed do not account for all the variance in BSR. In recent years, sustainability has gained prominence in boardroom discussions due to heightened media and public attention. Additionally, local regulators are increasingly mandating sustainability reporting, which could significantly impact BSR and BSP.

Although boards are mandated by law in Finnish companies, the level of their activity varies. The survey population likely represents companies where the board exerts greater influence than in the typical Finnish company. Therefore, the results of this study predominantly reflect companies where the board is actively involved in decision-making and strategic planning.

Moreover, board decisions tend to have long-term effects, and a single three-year measurement period for company sales growth may be too brief. Other external factors, such as the global financial situation, the recently concluded COVID-19 pandemic, or rapid changes in interest rates, may have also influenced the results.

The data collection for this study was conducted at the beginning of the year, coinciding with many companies finalizing their annual financial statements and electing their boards for the coming year in the spring. Consequently, the survey was conducted before this period, allowing companies ample time to reflect on the previous board elections and annual financial reports. On the other hand, the respondents were familiar with their fellow board members, and even recently elected board members had time to establish rapport. This familiarity likely reduced the number of incomplete responses in this survey.

Respondents’ gender was not collected as a part of the study. Gender may influence people’s opinion about motivation or CSR.

Furthermore, BSP was assessed and measured by the respondents themselves, without external audits. This self-assessment allowed respondents to evaluate their company's situation based on their own experience and expertise. With greater resources and perhaps a focus on publicly listed companies, it would have been possible to integrate some secondary data from companies.

8.6 Future research topics

While this research has addressed multiple questions, there remains ample room for future research in the field of boards of directors and social responsibility.

Firstly, the research could be extended to an international context. It would be intriguing to explore whether motivational factors or sustainability activities are perceived differently across various countries and regions. These differences might become more pronounced when the research is expanded to include developing countries or areas where governance roles in sustainability-related matters are limited.

Secondly, a more detailed investigation into the sustainability status of companies could enhance our understanding of how companies' sustainability practices vary in comparison to each other.

Thirdly, future research could focus on larger companies, which typically have more resources dedicated to sustainability efforts. These companies also tend to have more sophisticated board processes and comprehensive corporate governance guidelines compared to smaller and younger firms.

Additionally, many variables were left unused in this study because the number of responses to certain questions or the small variation in answers did not permit their use. In the future, a larger study with a broader audience could uncover new results that were not attainable with the existing sample size.

Throughout the research process, the researcher developed an interest in how the organization of board of directors' work could be optimized. It is not solely about the topics and items discussed during board meetings, but also about determining the agenda items and organizing the board's duties, roles, and tasks to best support sustainable growth and enhance board members' motivation.

The perspective on the board of directors in research is expanding as the board's role in a company's success becomes more widely recognized. Moreover, modern tools and methods, such as AI and digital data platforms, are creating new opportunities for research on boards of directors. It is hoped that this study will motivate and inspire new researchers to undertake their own projects in the realm of board-related research.

An additional interesting path forward from board motivation research would be to examine board self-evaluation and how the chairperson could ensure that the work within the board is motivational for all members. This would be a logical next step from a managerial perspective, as once a good level of motivation has been achieved, the challenge is to maintain that level.

8.7 Personal Reflection

As the concluding section of this thesis, this part offers personal insights from the researcher and reflections on the project from his perspective.

In doctoral seminars and meetings, it is often said that a doctoral project and thesis are akin to obtaining a driving license for a car: the PhD process provides guidelines, principles, and experience necessary for conducting scientific research in an academic setting. Initially, I found this analogy amusing, viewing the project as just another endeavor. However, as I complete this project, my perspective has evolved. This project marks my first independent academic research venture since my Master's thesis, although I have collaborated with academic clients and colleagues in a corporate environment for over a decade.

The goal of this PhD project was to acquire significant knowledge about board motivation, enhancing understanding of how boards can be motivated toward more sustainable outcomes for their companies. Moreover, this research offered a significant opportunity to expand my network and engage with experienced board members in Finland and abroad. It has also fueled my enthusiasm to learn more about the PhD process as I currently supervise over ten PhD students. By gaining a deeper appreciation of scientific culture and working habits, I aim to enhance my management and leadership skills.

An important lesson was the generation of hypotheses and the use of previous research to construct stronger hypotheses. I received considerable support from my supervisors at this stage, and with the benefit of hindsight, I am confident that I could revise and streamline the entire process more efficiently in future research.

This study posed a large number of questions, which increased the demands on the survey sample size. In retrospect, I would have chosen the questions more judiciously by establishing the data analysis model much earlier in the project. A more focused approach with fewer questions would have streamlined the process.

Another key learning was the importance of integrating and understanding theoretical insights as a core part of the study. Unlike my previous two Master's projects, where theory seemed somewhat detached from the topic, completing the data analysis and constructing the model from scratch underscored the importance of theoretical frameworks to the researcher.

Furthermore, my ability to interpret academic research has improved markedly throughout this project. Previously, I did not critically question study results and findings; now, I recognize the challenge of making research findings universally applicable and how results are validated within a specific research context.

The project not only enhanced my academic understanding but also provided me with valuable insights into the phenomena under study. Understanding board dynamics and motivational factors underscored the importance of effective board leadership.

This project aligns with my personal goal of working as a board professional in the future. In this role, I envision contributing to the success of several companies and helping them realize their visions.

List of References

Adams, R., Raqunathan, V. & Tumarkin, R. 2020. Death by Committee? An Analysis of Corporate Board (Sub-) Committees. Available at SSRN: https://ssrn.com/abstract=2736027.

Afrifa, G. & Tauringana V. 2005. Corporate governance and performance of UK listed small and medium enterprises. *Corporate Governance,* 15(5), p. 719–733.

Acabdo, D., Branca, A., Catalao-Lopes, M. & Pina, J. 2020. Do Distinct CSR Categories have Distinct Determinants? The Roles of Market Structure and Firm Size. *European Management Review*, 17(5), p. 5–17.

Ahern, K. & Dittmar, A. 2012. The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation. *The Quarterly Journal of Economics,* 127(1), p. 137–197.

Alabdullah, T., Ahmed, E. & Muneerali, M. 2019. Effect of Board Size and Duality on Corporate Social Responsibility: What has Improved in Corporate Governance in Asia? *Journal of Accounting Science*, 3(2), p. 121–135.

Albino, V., Balice, A. & Dangelico, R. 2009. Environmental Strategies and Green Product Development: an Overview on Sustainability-Driven Companies. *Business Strategy and the Environment,* 18, p. 83–96.

Alwin, D. F. 2005. Reliability. In K. Kempf-Leonard and others (Eds.), *Encyclopedia of Social Measurement.* New York: Academic Press.

Amin, A., Chourou, L., Kamal, S., Malik, M., and Zhoa Y. 2020. It's who you know that counts: Board connectedness and CSR performance. *Journal of Corporate Finance*, 64, p1–30.

Amran, N. & Ahmad A. 2009. Family Business, Board Dynamics and Firm Value: Evidence from Malaysia. *Journal of Financial Reporting & Accounting,* 7 (1), p. 53–74.

Anderson, M. J., Crist, T. O., Chase, J. M., Vellend, M., Inouye, B. D., Freestone, A. L., Sanders, N. J., Cornell, H. V., Comita, L. S., Davies, K. F., & Harrison, S. P. 2011. Navigating the multiple meanings of β diversity: A roadmap for the practicing ecologist. I, 14(1), p. 19–28.

Ararat, M., Aksu, M. & Cetin, A. 2015. How Board Diversity Affects Firm Performance in Emerging Markets: Evidence on Channels in Controlled Firms. *Corporate Governance: An International Review*, 2015, 23(2): 83–103

Aras, G. & Crowther, D. 2008. Governance and sustainability: An investigation into the relationship between corporate governance and corporate sustainability. *Management Decision,* 46(3), p. 433–448.

Artiach, T., Lee, D., Nelson, D. & Walker, J. 2010. The determinants of corporate sustainability performance. *Accounting and Finance,* 50, p. 31–51.

Arslan, H., Chengag, Y., Komal, B. & Chen, S. 2022. Nexus between environmental disclosures and top management team characteristics: a systematics review. *Environmental Science and Pollution Research,* 30, p. 9763–9781.

Arwine, D. 2002. Effective Governance: The Roles and Responsibilities of Board Members. *Baylor University Medical Center Proceedings*, 15(1), p. 19–22.

Australian Institute of Company Directors (AICD). 2023. Board size. Available at: https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-tools/board/board-size-director-tool.pdf . Cited on 10.4.2023.

Bagozzi, R. & Yi, Y. 2012. Specification, evaluation, and interpretation of structural equation models. *Journal of the Academy of Marketing Science*, 40, p. 8–34.

Bambale, A. 2014. Research Methodological Techniques as a Model for Quantitative Studies in Social Sciences. *British Journal of Economics, Management & Trade,* 4(6), p. 862–879.

Banerjee, A., Nordqvist, M. & Hellerstedt, K. 2020. The role of the board chair—A literature review and suggestions for future research. *Corp Govern Int Rev,* 28, p. 372–405.

Bathala, C. & Rao, R. 1995. The Determinants of Board Composition: An Agency Theory Perspective. *Managerial and Decision Economics,* 16(1), p. 59–69.

Baumgartner, R. & Ebner, D. 2010. Corporate Sustainability Strategies: Sustainability Profiles and Maturity Levels. *Sustainable Development,* 18, p. 76–89.

Barnett, M. 2005. Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. *Academy of Management Review*, october 2005, 55 pages.

Barnett Rosalind. 2014. Role theory. Encyclopedia of Quality of Life and Well-Being Research, p. 5591–5593

Bahurmotz, A. 2020. Measuring Corporate Social Responsibility Performance: A Comprehensive AHP Based Index. *International Journal of the Analytic Hierarchy Process,* 11(1), p. 20–41.

Baysinger, B. & Butler, H. 1985. Corporate Governance and the Board of Directors: Performance Effects of Changes in Board Composition. *Journal of Law, Economics, & Organization Journal of Law, Economics, & Organization,* 1(1).

Beji, R., Yousfi, O., Loukil, N. & Omri, A. 2020. Board Diversity and Corporate Social Responsibility: Empirical Evidence from France. *Journal of Business Ethics,* 173, p. 133–155.

Ben-Amar, W., & McIlkenny, P. 2015. Board effectiveness and the voluntary disclosure of climate change information. *Business Strategy and the Environment*, 24(8), 704–719.

Bentler, P. M. 1990. Comparative fit indexes in structural models. *Psychological bulletin*, 107(2), p. 238.

Bentouhami, H., Casas, L. & Weyler, J. 2021. Reporting of "Theoretical Design" in Explanatory Research: A Critical Appraisal of Research on Early Life Exposure to Antibiotics and the Occurrence of Asthma. *Clinical Epidemiology,* p. 755–767.

Bettenhousen, K. & Kosnik, R. 1992. Agency Theory and the Motivational Effect of Management Compensation: an experimental contingency study. *Group & Organization Management*, 17(3), p. 309–330.

Binsawad, M. 2020. Corporate Social Responsibility in Higher Education: A PLS-SEM Neural Network Approach. *IEEE access*, 8, p. 29125–29131.

Bonazzi, L. & Islam, S. 2007. Agency theory and corporate governance: A study of the effectiveness of board in their monitoring of the CEO. *Journal of modelling in management,* 2(1). p. 7-23.

Boivie, S., Graffin, S., & Pollock T. 2012. Time for me to fly: Predicting directors exit at large firm. *Academy of Management Journal*, 55(6), p. 1334–1359.

Brenes, R., Madrigal, K., & Requena, B. 2011. Corporate governance and family business performance. *Journal of Business Research*, 64(3), p. 280–285.

Brickley, J. A., Coles, J. L., & Terry, R. L. (1994). Outside directors and the adoption of poison pills. *Journal of financial Economics*, 35(3), 371–390.

Boxberg, K. 2023. Kaksi tutkintoa ylitse muiden: Tällainen koulutus avaa ovet huippupesteihin. *Talouselämä,* 12.11.2023.

Boulouta, I. 2012. Hidden Connections: The Link Between Board Gender Diversity and Corporate Social Performance. *Journal of Business Ethics volume,* 113, p. 185–197.

Busch, T., & Friede, G. 2018. The robustness of the corporate social and financial performance relation: A second-order meta-analysis. *Corporate Social Responsibility and Environmental Management*, 25(4), p. 583–608.

Buchanan, B., Cao, C. & Chen, C. 2018. Corporate social responsibility, firm value, and influential institutional ownership. *Journal of Corporate Finance,* 52, p. 73–95.

Busch, T. & Friede, G. 2018. The Robustness of the Corporate Social and Financial Performance Relation: A Second-Order Meta-Analysis. *Corporate Social Responsibility and Environmental Management, 25(4)*, p. 583–608.
Bainbridge, S. 2002. Why a board-group decisionmaking in corporate governance. *Vanderbilt Law Review.*, *55*, 1.
Brown, W. 2007. Board development practices and competent board members: Implications for performance. *Nonprofit Management & Leadership, 17(3), p.* 301–317.
Brown, M. E., & Treviño, L. K. 2006. Ethical leadership: A review and future directions. *The Leadership Quarterly*, 17(6), p. 595–616.
Caldwell, C., Hayes, L. A., & Long, D. T. 2010. Leadership, trustworthiness, and ethical stewardship. *Journal of Business Ethics,* 96(4), p. 497–512.
Callan, S. & Thomas, J. 2008. Corporate Financial Performance and Corporate Social Performance: An Update and Reinvestigation. *Corporate Social Responsibility and Environmental Management*, 16, p. 61–78.
Campopiano, G., & De Massis, A. 2015. Corporate social responsibility reporting: A content analysis in family and non-family firms. *Journal of Business Ethics*, 129(3), p. 511–534.
Carmines, E. G. and Woods, J. A. 2005. Validity assessment. In K. KempfLeonard, ed. Encyclopedia of Social Measurement. Amsterdam: Elsevier, p. 933–937.
Carroll, A. B. 1979. A three-dimensional Conceptual Model of Corporate Social Performance. *Academy of Management Review*, 4(4), p. 497–505.
Carroll A. 2018. Corporate Social Responsibility (CSR) and Corporate Social Performance (CSP). *SAGE Encyclopedia of. Business Ethics Social*, pp. 746-–54.
Central Chamber of Commerce. 2023/1. Pörssiyhtiöt valmistautuvat kiintiösääntelyyn – naisten osuus pörssiyhtiöiden hallitusten jäsenistä ennätykselliset 33 prosenttia. [Cited 31.10.2023]. Available at: https://www.sttinfo.fi/tiedote/69998912/porssiyhtiot-valmistautuvat-kiintiosaantelyyn-naisten-osuus-porssiyhtioiden-hallitusten-jasenista-ennatykselliset-33-prosenttia?publisherId=25106402.
Central Chambers of Commerce. 2023/2. Kauppakamarien kysely: Pienten ja keskisuurten yritysten hallitusten jäsenistä 71% on miehiä. [Cited on 13.11.2023] Available at https://kauppakamari.fi/tiedote/kauppakamarien-kysely-pienten-ja-keskisuurten-yritysten-hallitusten-jasenista-71-prosenttia-on-miehia/.
CGI Finland. 2016. Asialuettelo listaamattomien yhtiöiden hallinnoinnin kehittämiseksi. Available at: https://cgfinland.fi/wp-content/uploads/sites/6/2012/01/asialuettelo-listaamattomien-yhtioiden-hallinnoinnin-kehittamiseksi-cg.pdf.
Chamorro-Premuzic T. 2013. Does Money Really Affect Motivation? A Review of the Research. *Harward Business review, Compensation And Benefits.* Available at: https://hbr.org/2013/04/does-money-really-affect-motiv.
Chams, N. & García-Blandónm J. 2019. Sustainable or not sustainable? The role of the board of directors. *Journal of Cleaner Production*, 226, p. 1067–1081.
Chandler, J., Johnson, N., Jordan, S., & Short, J. 2023. A meta-analysis of humble leadership: Reviewing individual, team, and organizational outcomes of leader humility. *The Leadership Quarterly*, 34(1), 101660.
Chatterji, A. and Toffel, M. 2010. How firms respond to being rated. *Strategic Management Journal,* 31(9), p. 917–945.
Chareonwongsak, K. 2017. Enhancing board motivation for competitive performance of Thailand's co-operatives. J*ournal of Co-operative Organization and Management,* 5(1), p. 1–13.
Chen, J. 2021. Outside Director: What it is, How it Works. Investopedia. [Cited on 12.5.2023]. Available at https://www.investopedia.com/terms/o/outsidedirector.asp.
Chen, L., Feldmann, A., & Tang, O. 2015. The relationship between disclosures of corporate social performance and financial performance: Evidences from GRI reports in manufacturing industry. *International Journal of Production Economics*, 170(part B), p. 445–456.

Chen X, Wang H & Wang X. 2022. Common institutional ownership and corporate social responsibility. *Journal of Banking & Finance,* 136, p. 1–23.

Cheung, Y., Jiang, K., Mak, B. S. C., & Tan, W. 2013. Corporate social performance, firm valuation, and industrial difference: Evidence from Hong Kong. *Journal of Business Ethics*, 114(4), p. 625–631.

Chin W. W., Marcolin B. L., & Newsted P. R. 2003. A Partial Least Squares Latent Variable Modeling Approach for Measuring Interaction Effects: Results from a Monte Carlo Simulation Study and an Electronic-Mail Emotion/Adoption Study. *Information Systems Research*, 14(2), p. 189–217.

Chintrakar, P., Jiraporn, P., Tong, S., Jiraporn, N. and Proctor R. 2020. How do independent directors view corporate social responsibility (CSR)? Evidence from a quasi-natural experiment. *The financial review*, 55(4). p. 697–716.

Cieślak, K. 2018. Agency conflicts, executive compensation regulations and CEO pay-performance sensitivity: evidence from Sweden. *Journal of Management and Governance*, *22*, p. 535–563.

Ciulla, J. B. 2014. Ethics, the heart of leadership. 3rd edition. ABC-CLIO LLC, Satna Barbara, California USA. 235 pages. ISBN 978-1-4408-3066-2.

Clapham, S. & Schwenk, C. 1991. Self-serving attributions, managerial cognition, and company performance. *Strategic Management Journal*, 12(3), p. 219–229.

Clark, T., & Grantham, K. 2012. What CSR is not: Corporate social irresponsibility. In *Corporate social irresponsibility: A challenging concept*, Vol. 4, p. 23–41

Clarkson, P., Y. Li, Richardson G. D., & Vasvari, F. P. 2006. Does it really pay to be green? Determinants and consequences of proactive environmental strategies. *Journal of Accounting and Public Policy*, 30(2), p. 122–144.

Clarysse, B., Knockaert, M., & Lockett, A. 2007. Outside Board Members in High Tech Start-Ups. *Small Business Economics*, 29(3), p. 243–259.

Coffey, B., & Fryxel,l G. 1991. Institutional Ownership of Stock and Dimensions of Corporate Social Performance: An Empirical Examination. *Journal of Business Ethics*, 10(6), p. 437–444

Coffey, B., & Wang, J. 1998. Board diversity and managerial control as predictors of corporate social performance. *Journal of business ethics*, *17*(14), p. 1595–1603.

Comission of the Europen communities. 2001. Promoting a European framerwork for Corporate Social Responsibility. Brussels 18.7.2001.

Confederation of Finnish Industries. 2020. Information about Finnish companies. [Cited on 16.11.2023]. Available at https://ek.fi/tutkittua-tietoa/tietoa-suomen-taloudesta/yritykset/.

Confederation of Finnish Industries. 2023. Available at https://ek.fi/en/.

Cook, C., Heath, F. & Thompson, R. 2000. A meta-analysis of response rates in Web- or internet-based surveys. *Educational and Psychological Measurement*, 60, p. 821–836.

Cook, D. & Forzani, L. 2023. On the role of partial least squares in path analysis for the social sciences. *Journal of Business Research*, 167(11), p. 1–16.

Cordeiro, J. J., Profumo, G., & Tutore, I. 2020. Board gender diversity and corporate environmental performance: The moderating role of family and dual-class majority ownership structures. *Business Strategy and the Environment*, *29*(3), 1127–1144.

Core, J. E., Holthausen, R. W., Larcker, D. F. 1999. Corporate governance, chief executive officer compensation, and firm performance. *Journal of Financial Economics,* 51, p. 371–406.

Cowen. S., Ferreri. L., & Parker L. 1987. The Impact of Corporate Characteristics on Social Responsibility Disclosure: A Typology and Frequency-Based Analysis. *Accounting, Organizations and Society*, 12, p. 111–122.

Cowling, M. 2008. Small firm CEOs and outside directorships: tenure, Demonstration and Synergy Effects. *The Manchester School,* 76(2), p. 160–179.

Crowther, D. 2000. Corporate reporting, stakeholders and the internet: mapping the new corporate landscape. *Urban Studies*, 37(10), p. 1837–1848.

Dahlsrud, A. 2008. How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate social responsibility and environmental management*, *15*(1), p. 1–13.

Daily, C., & Schwenk, C.1996 Chief Executive Officers, Top Management Teams, and Boards of Directors: Congruent or Countervailing Forces?. *Journal of Management,* 22(2), p. 185–208.

Dallas, L. L. (2003). The multiple roles of corporate boards of directors.

Dalton, C.M. & Dalton, D.R. 2005. Boards of directors: utilizing empirical evidence in developing practical prescriptions. *British Journal of Management,* 16(1), p. 91–97.

Dash, G. & Paul, J. 2021. CB-SEM vs PLS-SEM methods for research in social sciences and technology forecasting. *Technological Forecasting and Social Change*, 173(12), p. 1–11.

De Villiers, C., Naiker, V., & Van Staden, C. J. (2011). The effect of board characteristics on firm environmental performance. *Journal of Management*, 37(6), p. 1636–1663.

Ditlev-Simonsen, C., & Brøgger, B. 2013. Csr and employee motivation. *Csr and Beyond—A Nordic Perspective,* p. 117-134.

Dorfleitner, G., Halbritter, G., & Nguyen, M. 2015. Measuring the level and risk of corporate responsibility–An empirical comparison of different ESG rating approaches. *Journal of Asset Management*, 16, p. 450–466.

Douglas, A., Doris, J., & Johnson, B. 2004. Corporate social reporting in Irish financial institutions. *The TQM Magazine,* 16(6), p. 387–395.

Drymiotes, G. & Sivaramakrishnan, K. 2008. Board Monitoring, Consulting, and Reward Structures. *Contemporary Accounting Research,* 29(2), p. 453–486.

Duncan, J. 2001. Stock Ownership And Work Motivation. *Organizational Dynamics,* 30(1), pp 1–11.

Eagly, A. H., & Wood, W. 2012. Social role theory. *Handbook of theories of social psychology*, *2*, p. 458–476.

Eberhardt-Tot, E. 2019. Who should be on a board corporate social responsibility committee? *Journal of Cleaner Productio*n, 140, p. 1926–1935.

Ebner, D., & Baumgartner, R.. 2006. The relationship between Sustainable Development and Corporate Social Responsibility. Corporate Responsibility Research Conference 2006. Dublin, Ireland. 4.-5.9.2006.

Eccles, J. & Wigfield, A. 2002. Motivational Beliefs, Values, and Goals. *Annual Review of Psycholog*y, 53. p. 109-132

Edlund, P., & Sahlin, K.. 2021. Society on board? External board members and the embedding of Swedish higher education organizations in society, 1998–2016. *Studies in Higher Education,* 47(8), p. 1551–1565.

Eisenhardt, K. 1989. Agency Theory: An Assessment and Review. *The Academy of Management Review,* 14(1), p. 57–74.

Elkington, J., 1997. Cannibals with Forks: the Triple Bottom Line of 21st Century Business. *Capstone Publishing Ltc,* Oxford, UK. issn: 0304-3754.

Elkington, J. 2004. The Triple Bottom Line: Does it all add up? Assessing the Sustainability of Business and CSR. Earthscan, UK. 115 s. ISBN 1-84407-016-6

Eloranta, J. 2018. Hallitus johdon tukena. Alma Talent, Suomi. 316 s.

Endrikat, J., De Villiers, C., Guenther, T. W., & Guenther, E. M. (2021). Board characteristics and corporate social responsibility: A meta-analytic investigation. *Business & Society*, 60(8), pp. 2099–2135.

Erhardt, N. L., Werbel, J. D., & Shrader, C. B. 2003. Board of director diversity and firm financial performance. *Corporate Governance: An International Review,* 11(2), p. 102–111.

Ernst & Young. 2021. Will there be a 'next' if corporate governance is focused on the 'now'? EY Long-Term Value and Corporate Governance Survey. Available at www.ey.com.

European Union. 2023. SME definition. Available at https://single-market-economy.ec.europa.eu/smes/sme-definition_en.

Fama, E.F., Jensen, M.C. 1983. Separation of Ownership and Control. *Journal of Law Economics*, 26, p. 301–325.

Fan, D. K., Lau, C. M., & Wu, S. 2002. Corporate governance mechanisms. *The management of enterprises in the People's Republic of China*, p. 211–239.

Festum. 2020. Yrityksen hallituksen rooli ja tärpit hallituksen kokoukseen. [Cited in 11.05.2023] Available at https://festumaccounting.fi/2022/06/28/yrityksen-hallituksen-rooli/.

Fernandes, N. 2008. EC: Board compensation and firm performance: The role of "independent" board members. *Journal of Multinational Financial Management,* 18(1), p. 30–44.

Fernández-Temprano, M., & Tejerina-Gaite, F. 2020. Types of director, board diversity and firm performance. *Corporate Governance: The International Journal of Business in Society*, *20*(2), p. 324–342.

Ferrero-Ferrero, I., Fernández-Izquierdo, M. A., & Muñoz-Torres, M. J. 2012. Age diversity in the boardroom: Measures and implications. *Modeling and Simulation in Engineering, Economics and Management,* 115(1), p. 134–143.

Ferrero-Ferrero, I., Fernández-Izquierdo, M. A., & Muñoz-Torres, M. J. 2015. Integrating sustainability into corporate governance: An empirical study on board diversity. *Corporate Social Responsibility and Environmental Management*, 22(4), p. 193–207.

Financial Reporting Council. 2018. Guidance on board effectiveness. Available at https://www.appcgg.co.uk/.

Finnish corporate law. 624/2006.

Finnish Family Firms Association. 2023. [Cited on 5.4.2023]. Available at: https://perheyritys.fi.

Finnish Venture Capital Association. 2020. Tutkimusraportti: Kasvuomistajuuden avulla erinomaisia tuloksia – pääomasijoittajien omistamat yritykset ovat Suomen nopeimpia kasvajia. Available at https://paaomasijoittajat.fi/tutkimusraportti-kasvuomistajuuden-avulla-erinomaisia-tuloksia-paaomasijoittajien-omistamat-yritykset-ovat-suomen-nopeimpia-kasvajia/.

Finnish Venture Capital Association. 2023. Pääomasijoittamisen merkitys Suomessa - kasvua, työtä ja hyvinvointia. Available at https://paaomasijoittajat.fi/wp-content/uploads/2019/05/Paaomasijoittamisen-merkitys-Suomessa.pdf.

Finkelstein, S. & Hambrick, D. C. 1996. Strategic leadership: Top executives and their effects on organizations. Minneapolis, St. Paul USA. MN: West Publishing Company.

Francoeur, C., Labelle, R., Balti, S., & EL Bouzaidi, S. 2019. To what extent do gender diverse boards enhance corporate social performance? *Journal of Business Ethics,* 155(2), p. 343–357.

Freeman, R. E.. 1984. Strategic management: A stakeholder approach. Boston, USA. Pitman.

Freeman, R. E. 2010. *Strategic management: A stakeholder approach*. Cambridge University Press.

Fried, V., Bruton, G., & Hisrich, R. 1998. Strategy and the board of directors in venture capital-backed firms. *Journal of Business Venturing,* 13(6), p. 493–503

Friedman, M. 2016. Capitalism and freedom. In *Democracy: a reader* (p. 344–349). Columbia University Press.

Forbes, D., Milliken, F. 1999. Cognition and Corporate Governance: Understanding Boards of Directors as Strategic Decision-Making Groups. *Academy of Management Review*, 24: p. 489–505.

Fuente, J. A., García-Sanchez, I. M., & Lozano, M. B. 2017. The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information. *Journal of Cleaner Production,* 100(141), 737–750.

Gabrielson, J. & Huse, M. 2002. The venture capitalist and the board of directors in SMEs: Roles and processes. *Venture Capital: An International Journal of Entrepreneurial Finance,* 4(2), 125–146

Galbreath, J. 2016. The impact of board structure on corporate social responsibility: A temporal view. *Business Strategy and the Environment,* 26(3), 358–370.

García-Sánchez, I., Rodríguez-Domínguez, L., & Frías-Aceituno, J. 2015. Board of Directors and Ethics Codes in Different Corporate Governance Systems. *Journal of Business Ethics,* 131, p. 681–698.

Glass Lewis. 2020. Proxy paper, Guidelines, An overview of the Glass Lewis approach to proxy advice, Finland. Available at: https://www.glasslewis.com.

Gomez, P. Y., & Russell, D. 2005. Boards of Directors in an era of corporate scandal: An examination of the question of motivation of non-executive directors. Euram conference, Munchen, Germany, May 2005.

Goodstein, J., Gautam, K., & Boeker, W. 1994. The effects of board size and diversity on strategic change. *Strategic management journal,* 15(3), p. 241–250.

Graham, J. R., Kim, H., & Leary, M. 2020. CEO-board dynamics. *Journal of Financial Economics*, *137*(3), p. 612–636.

Graves, S. B., & Waddock, S. A. 1994. Institutional investors and corporate social performance. *Academy of Management Journal,* 37(4), p. 1035–1046.

Gray, R.H. & Bebbington, K.J. 2001, Accounting for the Environment. 2nd edition. Sage Publication Ltd, London. UK. 359 s. ISBN 0-7619-7137-8.

Guerrero Sylvie. 2012. Motivational drivers of non-executive directors, cooperation , and engagement in board roles. *Journal of Managerial Issues,* 24(1), pp. 61–77.

Guerrero, S., Lapalme, M., & Seguin, M. 2014. Board Chair Authentic Leadership and Nonexecutives' Motivation and Commitment. *Journal of Leadership & Organizational Studies,* 22(1), p. 88–101.

Guney, A., Kwabi, Y. 2019. Financial and corporate social performance in the UK listed firms: The relevance of non-linearity and lag effects. *Review of Quantitative Financial Accounting*, 52, p. 105–158.

Gunther, P., Guenther, M., Ringle, C., Zaefarian, G. & Cartwright, S. 2023. Improving PLS-SEM use for business marketing research. *Industrial Marketing Management*, 111, p. 127–142.

Hafsi, T., & Turgut, G. 2013. Boardroom diversity and its effect on social performance: Conceptualization and empirical evidence. *Journal of Business Ethics,* 112(3), p. 463–479.

Hair, J., Hult, T., Ringle, C., Sarstedt, M., Danks, N., & Ray, S. 2017. A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). Sprinter Nature Switzerland AG, Cham, Switzerland. 197 s. ISBN 978-3-030-80519-7.

Hair, J., Risher, J, Sarstedt, M., & Ringle, C. 2018. When to use and how to report the results of PLS-SEM. *European Business Review,* 31.

Hair J., Sarstedt, M., Hpkins, L., & Kuppelwieser, V. 2014. Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review*, 26(2), p. 106–121.

Halbritter, G. & Dorfleitner, G. 2015. The wages of social responsibility — where are they? A critical review of ESG investing. *Review of financial economics*, 26(1), p. 25–35.

Halkos, G., & Nomikos, S. 2021. Corporate social responsibility: Trends in global reporting initiative standards. *Economic Analysis and Policy*, *69*, p. 106–117.

Hallituspartnerit. 2023. Hyvä hallintotapa ja hallitustyöskentely tieteen näkökulmasta. Steinheide.

Handajani, L., Subroto, B., Sutrisno, T., & Saraswati, E. 2014. Does board diversity matter on corporate social disclosure? An Indonesian evidence. *Journal of Economics and Sustainable Development,* 5(9), p. 8–16.

Hambrick, D., Cho, T., & Chen, M. 1996. The Influence of Top Management Team Heterogeity on Firms' Competitive Moves. *Administrative Science Quaterly*, 41(4), p. 659–684

Hambrick, D., & Mason, P. 1984. Upper echelons: The organization as a reflection of its top managers. *The Academy of Management Review*, 9(2), p. 193–206.

Harjoto, M. A., & Jo, H. 2011) Corporate governance and CSR nexus. *Journal of Business Ethics,* 100(1), 45–67.

Harjoto, M., Laksmana, I., & Lee, R. 2015. Board diversity and corporate social responsibility. *Journal of Business Ethics*, 132(4), 641–660.

Harjoto, M., Laksmana, I., & Yang, Y. 2018. Board nationality and educational background diversity and corporate social performance. *Corporate Governance*, 19(2), p. 218–239.

Harter, J., Schmidt, F., Asplund, J., Killham, E., & Agrawal, S. 2010. Causal impact of employee work perceptions on the bottom line of organizations. *Perspectives on Psychological Science*, *5*(4), p. 378–389.

Hartikayanti, H., & Siregar W. 2018. The Effect of Stock Ownership Toward the Corporate Social Responsibility (CSR) Disclosure. *The 2018 International Conference of Organizational Innovation,* 2018.

He, L., Labelle, R., Pio, C., & Thornton D. 2008. Board Monitoring, Audit Committee Effectiveness, and Financial Reporting Quality: Review and Synthesis of Empirical Evidence. *Journal of Forensic & Investigative Accounting,* 1(2).

Hellsten, S., & Mallin, C. 2006. Are "ethical" or "socially responsible" investment socially responsible? *Journal of Business Ethics*, 66(4), p. 393–406.

Hellnohn, K., Walker, J., & Loo, H. 2014. Corporate Social Responsibility: The Link Between Sustainability Disclosure and Sustainability Performance. *A Journal of Accounting, Finance and Business Studies,* 50(4). p. 422–459.

Heracleous, L. 1999. The Board of Directors as Leaders of the Organisation. *Corporate Governance: An International Review,* 7(3), p. 256–265.

Herbohn, K., Walker, J., & Loo, H. 2014. Corporate social responsibility: The link between sustainability disclosure and sustainability performance. *Abacus*, *50*(4), p. 422–459.

Hillman, A., & Dalziel, T. 2003. Boards of directors and firm performance: Integrating agency and resource dependence perspectives. *Academy of Management Review,* 28(3), 383–396.

Hillman, A.. 2005. Politicians on the Board of Directors: Do Connections Affect the Bottom Line? *Journal of Management*, 31(3), p. 464–481.

Hillman, A, Keim, G. & Luce, R. 2001. Board Composition and Stakeholder Performance: Do Stakeholder Directors Make a Difference? *Business & Society,* 40(3), p. 295–314.

Hindle T., 2008. *Guide to Management Ideas and Gurus*. Profile Books, London.

Hofman-Bergholm, M. 2024. Sustainability – a way of marketing or the responsibility of companies and organizations? Centria Bulletin. Available at https://centriabulletin.fi.

Hoitash, U. 2011. Should Independent Board Members with Social Ties to Management Disqualify Themselves from Serving on the Board? *Journal of Business Ethics*, 99, p. 399–423.

Hu, L. T., & Bentler, P. M. 1999. Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), p. 1–55.

Hsu, W.-T., Chen, H.-L., & Cheng, C.-Y. 2013. Internationalization and firm performance of SMEs: The moderating effects of CEO attributes. *Journal of World Business,* 48(1), pp 1–12.

Hytönen, K., Matvejeff, P., & Suomala, J. 2018. Päätöksenteon ilmiöt johtajan arjessa. Laurea Publications. Kopio Niini Oy, Helsinki, Finland. p. 93–122.

Häuberer, J. 2010. Social Capital Theory: Towards a Methodological Foundation. Dissertation thesis. Charles University in Prague. 315 s.

ICAWE. 2018. How employee directors add value, Corporate governance: connect and reflect. Available at www.icaew.com.

Ilkka Heikki. 2022. EY Suomen hallituksen puheenjohtaja korostaa vastuullisuuden tärkeyttä ja antaa viisi neuvoa miten hallitus voi edistää vastuullisuutta. Available at: https://www.ey.com/fi_fi/board-matters/laaja-ja-syvallinen-vastuullisuusosaaminen-tarpeen-hallituksissa.

Iniue, Y., Kent, A., & Lee, S. 2011. CSR and the bottom line: analyzing the link between CSR and financial performance for professional teams. *Journal of Sport Management,* 25(6), p. 531–549.

Isfianadewi, D., & Mahdi, I. 2018. In Soliman K. S. (Ed.), Corporate social performance and corporate financial performance: The influence CSP over sales and gross margin in Indonesia. 31st IBIMA Conference: 25-26 April 2018, Milan, Italy.

Islam, F., Uddin, M., & Rahman, M. 2024. Factors affecting retailer social responsibility: a PLS-SEM approach in the context of Bangladesh. Social Responsibility Journal, 20(3), p. 605–625.

Jain, T., & Jamali, D. 2016. Looking inside the black box: The effect of corporate governance on corporate social responsibility. *Corporate Governance: An International Review*, 24(3), p. 253–273.

Janardhanan, N., Lewis, K., Reger, R. & Stevens, C. 2019 Getting to know you: motivating cross-understanding for improved team and individual performance. *Organization Science*, *31*(1), p. 103–118.

Jaturat, M., Dampitakse, K., & Kuntonbutr, C. 2021. The Effect of Corporate Governance on the Board of Directors' Characteristics and Sustainability Disclosure: An Empirical Study from Thailand. *Journal of Asian Finance, Economics and Business*, 8(12), p. 191–201.

Jensen, M., & Meckling, W. 1976. Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics,* 3. p. 305–360.

John, K., and Senbet L. W. 1998. Corporate Governance and Board Effectiveness, *Journal of Banking & Finance,* 22, p. 371–403.

Judge Jr, W. Q., & Zeithaml, C. P. 1992. Institutional and strategic choice perspectives on board involvement in the strategic decision process. *Academy of management Journal,* 35(4), 766-794.

Kame, T., Stasson, M., Davis, J., Parks, C. & Zimmerman, S. 1992. Social Dilemmas, Subgroups, and Motivation Loss in Task-Oriented Groups: In Search of an "Optimal" Team Size in Division of Work. *Social Psychology Quarterly*, 55(1), p. 47–56.

Kang, Y. S., Huh, E., & Lim, M. H. 2019. Effects of foreign directors' nationalities and director types on corporate philanthropic behavior: Evidence from Korean firms. *Sustainability,* 11(11), p. 31–32.

Kauppalehti. 2019. Hallitus voi olla täsmäase kasvuun. [Cited: 28.3.2023. Available at: https://www.kauppalehti.fi/kumppanisisaltoa/studiovieras/hallitus-voi-olla-tasmaase-kasvuun/1fcc5669-bcdc-5158-9d64-d0735afa034c.

Katmon, N. 2012. Disclosure quality determinants and consequences. Unpublished doctoral thesis. Durham University.

Katzell, R. A., & Thompson, D. E. 1990. Work motivation: Theory and practice. *American Psychologist*, 45(2), p. 144–153.

Khan, A., & Baker, K. 2022. How board diversity and ownership structure share sustainable corporate performance. *Manage Decision Economics*, 43. p. 3751–3770.

Khan, A., Muttakin, M., & Siddiqui, J. 2013. Corporate Governance and Corporate Social Responsibility Disclosures: Evidence from an Emerging Economy. *Journal of Business Ethics*, 114, p. 207–223.

Kibler, E. 2022. Recent study: The COVID-19 pandemic particularly affected the well-being of entrepreneurs under 40 years of age. Aalto University.

Kieschnick, R., & Moussawi, R. 2018. Firm age, corporate governance, and capital structure choices. *Journal of Corporate Finance,* 48, p. 597–614.

Kim, B., Burns, M. & Prescott, J. 2009. The Strategic Role of the Board: The Impact of Board Structure on Top Management Team Strategic Action Capability. *Corporate Governance: An International Review*, 17(6), p. 728–743.

Knockaert, M., Bjornali, E., & Erikson, T. 2015. Joining Forces: Top management team and board chair characteristics as antecedents of board service involvement. *Journal of Business Venturing, 30(3)*, p. 420-435.

Kock, Ned. 2016. Hypotheis testing with confidence intervals and P values in PLS-SEM. International Journal of e-Collabortaion, 12(3), p 1–6.

Koenig, A., & Eagly, A. 2014. Evidence for the Social Role Theory of Stereotype Content: Observations of Groups' Roles Shape Stereotypes. *Journal of Personality and Social Psychology,* 107(3), p. 371–392.

Koskinen, S. 2019. At the heart of the Board: CEO and Chair. Processes, practices and relationships. Dissertation thesis. Jyväskylä University, Finland. 256 s.

Kühnen, M., Silva, S., Eberle, U., Hahn, R., Hermann, C., Schaltegger, S., & Schmid, M. 2019. Contributions to the sustainable development goals in life cycle sustainability assessment: Insights from the Handprint research project. *Sustainability Management Forum,* 27, p. 65–82.

KVK - Netherlands Chamber of Commerce. 2024. One-tier or two-tier board as a governance model. [Cited on 09.08.2024]. Available at: https://business.gov.nl.

Labelle, R., Hafsi, T., Francoeur, C., & Ben Amar, W. 2018. Family firms' corporate social performance: A calculated quest for socioemotional wealth. *Journal of Business Ethics*, 148(3), p. 511–525.

Lau, C., Lu, Y., & Liang, Q. 2016. Corporate social responsibility in China: A corporate governance approach. *Journal of Business Ethics,* 136(1), p. 73–87.

Lee, K., & Lee, H. 2019. How Does CSR Activity Affect Sustainable Growth and Value of Corporations? Evidence from Korea. *Sustainability*, 11(2).

Lee, J., & Scaramuzzino, R. 2022. Professionalization in welfare-oriented civil society organizations: Comparison of board chairs and executive directors concerning motives for engagement and leadership ideals. *Nordic Social Work Research.* p. 1-15.

Legate, A., Hair, J., Chretien, J. & Risher, J. 2022. PLS-SEM: Prediction-oriented solutions for HRD researchers. *Human Resource Development Quarterly*, 34 (1), p. 91–109.

Li, J. 1994. Ownership structure and board composition: A multi-country test of agency theory predictions. *Managerial and Decision Economics,* 15(4), p. 359–368.

Liao, L., Luo, L., & Tang, Q. 2015. Gender diversity, board independence, environmental committee and greenhouse gas disclosure. *The British Accounting Review,* 47(4), p. 409–424.

Liew, S., Hamidun, R., & Soid, N. F. M. 2017. Differences of driving experience and gender on traffic offences among Malaysian motorists. *MATEC Web of Conferences*, 103,

Linnenluecke, M.K., Russell, S.V., Griffiths, A., 2009. Subcultures and sustainability practices: the impact on understanding corporate sustainability. *Business Strategic Environment*, 18(7), p. 432–452.

Locke, E. A., & Latham, G. P. 2004. What should we do about motivation theory? Six recommendations for the twenty-first century. *Academy of management review,* 29(3), p. 388–403.

Loderer, C., Stulz, R. & Waelchli, U. 2012. Firm age and governance. Working Paper, University of Bern, Bern. https://doi.org/10.2139/ssrn.1938635.

Loor-Zambrano, H., Santos-Roldán, L., & Palacios-Florencio, B. 2022. Relationship CSR and employee commitment: Mediating effects of internal motivation and trust. *European research on management and business economics*, *28*(2).

Lougee, B., & Wallace, J. 2008. The corporate social responsibility (CSR) trend. *Journal of Applied Corporate Finance*, 20(1), p. 96–108.

Luciano, M. M., Nahrgang, J. D., & Shropshire, C. 2020. Strategic leadership systems: Viewing top management teams and boards of directors from a multiteam systems perspective. *Academy of Management Review*, *45*(3), p. 675–701.

Lukianenko, D., Mozhovyi, O., & Burmaka, M. 2015. Top management motivation in global corporations. *International Economic Policy*, (2), p. 5–27.

Majeed, S., Aziz, T., & Saleem, S. 2015. The effect of corporate governance elements on corporate social responsibility (CSR) disclosure: An empirical evidence from listed companies at KSE Pakistan. *International Journal of Financial Studies,* 3(4), p. 530–556.

Marsh, H. W., Hau, K.T., & Wen, Z. 2004. In search of golden rules: Comment on hypothesis-testing approaches to setting cutoff values for fit indexes and dangers in overgeneralizing Hu and Bentler's (1999) findings. *Structural Equation Modeling: A Multidisciplinary Journal,* 11(3), p. 320–341.

Mateos-Aparicio, G. 2011. Partial Least Squares (PLS) Methods: Origins, Evolution, and Application to Social Sciences. *Communications in Statistics - Theory and Methods*, 40, p. 2305–2317.

Mayri, B. 2022. Strategic CSR and firm performance: The role of prospector and growth strategies. *Journal of Economics and Business,* 118, p. 1–16.

McDonagh, P., & Prothero, A. 2014. Sustainability marketing research: Past, present and future. *Journal of Marketing Management*, *30*(11-12), p. 1186–1219.

McGregor, L., & Doshi, N. 2015. How Company Culture Shapes Employee Motivation. *Harward Business Review,* 11(2015), p. 1–13.

McGuinness, P, Vieito, J. & Wang, M. 2017. The role of board gender and foreign ownership in the CSR performance of Chinese listed firms. *Journal of Corporate Finance,* 42, p. 75–99.

McGuire, J. W. 1963. Business and Society. Mc Graw-Hill, New York, USA.

McNulty, T. & Pettigrew, A. 1999. Strategists on the board. *Organization Studies*, 20, p. 47–74.

Memon, M., Ramayah, T., Cheah, J., Ting, H., Chuah, F. & Cham, T. 2021. PLS-SEM statistical programs: a review. J*ournal of Applied Structural Equation Modeling*, 5(1), p. 1–14.

Middlemiss, L. 2008. Influencing individual sustainability: a review of the evidence on the role of community-based organisations. *International Journal of Environment and Sustainable Development*, *7*(1), p. 78–93.

Milliken, F. J., & Martins, L. L. 1996. Searching for common threads: Understanding the multiple effects of diversity in organizational groups. *Academy of Management Review,* 21(2), p. 402–433.

Milton Friedman, Capitalism and Freedom, Chicago: University of Chicago Press, 1962.

Ministry of Economic Affairs. 2023. Corporate social responsibility (CSR) reporting. [Cited on 9.6.2023] Available at: https://tem.fi/en/csr-reporting.

Miner, J. B. 1978. Twenty years of research on role-motivation theory of managerial effectiveness. *Personnel Psychology,* 31(4), p. 739–760.

Mishra, R. K., & Jhunjhunwala, S. 2013. Diversity and the effective corporate board. Academic Press.

Mir-Babayev, R. (2015). Impact of education on innovation performance: Evidence from Azerbaijan construction industry. *IOSR Journal of Business and Management,* 17(12), p. 2319–7668.

Morrow-Howell, N., Hinterlong, J., & Sherraden, M. 2001. Productive aging: Concepts and challenges. *JHU Press*.

Muller, A., & Kolk, A. 2010. Extrinsic and intrinsic drivers of corporate social performance: Evidence from foreign and domestic firms in Mexico. *Journal of Management Studies,* 47(1), p. 1–26.

Musa, S., Gold, N., & Aifuwa, H. 2020. Board diversity and sustainability reporting: evidence from industrial goods firms. *Journal of Varna University of Economics,* 4, p. 377–398.

Naciti, V. 2019. Corporate governance and board of directors: The effect of a board composition on firm sustainability performance. Journal of Cleaner Production, 237.

Naciti, V., Cesaroni, F., & Pulejo, L. 2021. Corporate governance and sustainability: a review of the existing literature. *Journal of Management and Governance,* 26, p. 55–74.

Nadler, D. 2004. What's the board's role in strategy development?: Engaging the board in corporate strategy. *Strategy & Leadership, 32(5)*, p. 25–33.

Narkunienė, J., & Ulbinaitė, A. 2018. Comparative analysis of company performance evaluation methods. *Entrepreneurship and Sustainability Issues* 6(1), p. 125–138.

Neubaum, D., & Zahra, S. 2006. Institutional Ownership and Corporate Social Performance: The Moderating Effects of Investment Horizon, Activism, and Coordination. *Journal of Management,* 32(1), p. 108–131.

Nicholson, G., & Cameron, N. 2010. The role of the board of directors: Perceptions of managerial elites. Journal of Management and Organization, 16(2), p. 204–218.

Nitzl, C. 2016. The use of partial least squares structural equation modelling (PLS-SEM) in management accounting research: Directions for future theory development. *Journal of Accounting Literature*, 31(12), p. 19–35.

Nolan, R. & McFarlan, F. 2005. Information Technology and the Board of Directors. *Harvard business review,* 83(10), 96 s.

Noor, S., Saeed, A., Baloch, M. S., & Awais, M. (2020). CSR permanency, family ownership, and firm value: Evidence from emerging economies. *Corporate Social Responsibility and Environmental Management*, 27(5), pp. 2135–2149.

Norburn, D., & Birley, S. 1988. The Top Management Team and Corporate Performance. *Strategic Management Journal,* 9(3), p. 225–237.

Nunnally, J.C. & Bernstein, I.H., 1994. Psychometric Theory, Third edition. USA: McGraw-Hill, Inc.

Nurleni, N., & Bandang, A. 2018. The effect of managerial and institutional ownership on corporate social responsibility disclosure. *International Journal of Law Management,* 60(4), p. 979–987.

Ntim, C. G., & Soobaroyen, T. 2013. Corporate governance and performance in socially responsible corporations: New empirical insights from a Neo-Institutional framework. *Corporate Governance: An International Review,* 21(5), p. 468–494.

OECD. 2023. Enterprises by business size. [Cited on 25.5.2023]. Available at https://data.oecd.org/entrepreneur/enterprises-by-business-size.htm.

Osafo, E., Paros, A., & Yawson, R. 2021. Valence–Instrumentality–Expectancy Model of Motivation as an Alternative Model for Examining Ethical Leadership Behaviors. *Sage Open*, 11(2), p 1–13.

Osterloh, M., & Frey, B. 2000. Motivation, knowledge transfer and organizational form. *Organization Science,* 11(5), p. 538–550.

Palmer, H. 2012. Corporate Social Responsibility and Financial Performance: Does it Pay to Be Good? CMC Senior Theses. Available at: http://scholarship.claremont.edu/cmc_theses/529.

Pappas, J. B., & Pappas, E. C. 2015. The Sustainable Personality: Values and Behaviors in Individual Sustainability. *International Journal of Higher Education*, *4*(1), p. 12–21.

Peloza, J. 2009. The challenge measuring financial impacts from investments in corporate social performance. *Journal of Management,* 35, p. 1518–1541

Pearce, J., & Zahra, S. 1992. Board composition from a strategic contingency perspective. *Journal of management studies*, *29*(4), pp. 411–438.

Pfeffer, J., & Salancik, G. R. 2003. *The external control of organiza- tions: A resource dependence perspective*. Stanford University Press.

Pietromonaco, P., Manis, J., & Frohardt-Lane, K. 1986. Psychological consequences of multiple social roles. *Psychology of Woman quarterly,* 10, p. 373–382.

PK-hallitusbarometri. 2019. Kauppakamari. Available at: https://kauppakamari.seravo.fi/wp-content/uploads/2020/08/tulevaisuus-haastaa-hallitukset-keskuskauppakamarin-pk-hallitusbarometri-2019.pdf

Post, C., Rahman, N., & Rubow, E. 2011. Green governance: Boards of directors' composition and environmental corporate social responsibility. *Business and Society,* 50(1), p 189–223.

Porter, M., & Kramerm Mark. 2011. Creating shared value. Vol. 17. Boston, MA, USA: FSG.

Radu, C., & Smaili, N. 2021. Alignment versus monitoring: An examination of the effect of the CSR committee and CSR-linked executive compensation on CSR performance. *Journal of Business Ethics*, 1–19.

Rajagopalanm, N., & and Finkelstein, S. 1992. Effects of Strategic Orientation and Environmental Change on Senior Management Reward Systems. *Strategic Management Journal*, 13, p. 127–141.

Rajan, R. G., & Zingales, L. 1998. Power in a theory of the firm. *The Quarterly Journal of Economics,* 113(2), 387–432.

Rao, K. & Tilt, C. 2016. Board composition and corporate social responsibility: The role of diversity, gender, strategy and decision making. *Journal of Business Ethics,* 138(2), p. 327–347.

Reid, A. & Petocz, P. 2019. University lecturers' understanding of sustainability. *Higher Education*, 51, p. 105–123.

Ringle, C. M., Wende, S. & Becker, J. M. 2022. SmartPLS 4. Boenningstedt: SmartPLS GmbH, Available at http://www.smartpls.com.

Romano, M., Cirillo, A., Favino, C. & Netti, A. 2020. ESG (Environmental, Social and Governance) Performance and Board Gender Diversity: The Moderating Role of CEO Duality. *Sustainability*, 12(21), 9298.

Romano, R. 2004. The Sarbanes-Oxley Act and the Making of Quack Corporate Governance. *Yale Lj* 114, pp 1521–1604.

Romero-Rodríguez, S., Moreno-Morilla, C., & García-Jiménez, E. 2022. Career development learning in childhood: a collaborative guidance approach in Spanish low-income contexts. *British Journal of Guidance & Counselling,* 50(3).

Rose, C. 2007. Does female board representation influence firm performance? The Danish evidence. *Corporate Governance an international review.* 15(2), p. 404-413.

Rosen, H., & Weaver, C. 1960. Motivation in Management: a study of four managerial levels. *Journal of Applied Psychology*, 44(6), p. 356–392.

Rothenberg, S., Hull, C. E., & Tang, Z. 2017. The impact of human resource management on corporate social performance strengths and concerns. *Business & Society,* 56(3), p.391–418.

Rouf, A., & Hossan, A. 2020. The effects of board size and board composition on CSR disclosure: a study of banking sectors in Bangladesh. *International Journal of Ethics and Systems*, 37(1).

Rutherford, M. A. 2002. Understanding the agency relationship between boards of directors and CEOs: the role of information asymmetry. Doctoral dissertation, University of Georgia.

Salonen, T. 2016. Itsearviointi on hallitukselle hyvä, mutta riittämätön työkalu. Directors Institute Finland. Available at www.dif.fi.

Said, R., Yuserrie, H. Z., and Hasnah, H. 2009. The Relationship Between Corporate Social Responsibility Disclosure and Corporate Governance Characteristics in Malaysia. *Social Responsibility Journal,* 5, p. 212–226.

Schwartz-Ziv, M., & Weisbach, M. 2013. What do boards really do? Evidence from minutes of board meetings. *Journal of Financial Economics,* 108(2)*,* p. 349–366.

Sebhatu, S. 2019. Sustainability Performance Measurement for sustainable organizations: beyond compliance and reporting. Research paper. Service Research Centre Karlstad University, Karlstad.

Securities Market Association. 2020. The Corporate Governance Code. CGI Finland. Available at https://cgfinland.fi/en/corporate-governance-code.

Sen, S., & Cowley, J. 2013. The relevance of stakeholder theory and social capital theory in the context of CSR in SMEs: An Australian perspective: JBE. *Journal of Business Ethics,* 118(2), p. 413–427.

Sheehy, B. (2015). Defining CSR: Problems and solutions. *Journal of business ethics*, 131, p. 625–648.

Siahrati, V., Heirati, N., & O'Cass, A. 2022. Unlocking solution provision competence in knowledge-intensive business service firms. *Industrial Marketing Management,* 87(2020), p. 117–127.

Silva, P. 2005. Do motivation and equity ownership matter in board of directors' evaluation of CEO performance. *Journal of Managerial Issues,* 17(3), p. 346–362.

Silvius, A.,& Graaf, M. 2019. Exploring the project manager's intention to address sustainability in the project board. *Journal of Cleaner Production,* 208, p. 1226–1240.

Shahgholian, A. 2017. The effect of board roles on firm environmental governance. The 77th Annual Meeting of the Academy of Management, Atlanta, GA, USA.

Shahzadi, I., Javed, A., Pirzada, S. S., Nasreen, S., & Khanam, F. 2014. Impact of employee motivation on employee performance. *European Journal of Business and Management*, 6(23), p. 159–166.

Shaukat, A., Qiu, Y., & Trojanowski, G. 2016. Board attributes, corporate social responsibility strategy, and corporate environmental and social performance. *Journal of business ethics*, 135, p. 569–585.

Smaili, N., Radu, C., & Khalili, A. 2023. Board effectiveness and cybersecurity disclosure. *Journal of Management and Governance*, 27(4), p. 1049-1071.

Smith, G. K., Smith A. K., Olian, J., Sims, H., O'Banon, D., & Scully, J. 1994. Top Management Team Demography and Process: The Role of Social Integration and Communication. *Administrative Science Quaterly*, 39(3), p. 412–438.

Statistics Finland. 2021. Naisten osuus yhtiöiden hallituksissa hienoisessa kasvussa lupaavin kehitys naisenemmistoisissa pörssiyhtioissa. [Cited on 5.4.2023]. Available at: https://www.stat.fi/tietotrendit/artikkelit/2021/naisten-osuus-yhtioiden-hallituksissa-hienoisessa-kasvussa-lupaavin-kehitys-naisenemmistoisissa-porssiyhtioissa/

Statistics Finland. 2020. Managers' wages and salaries vary most in the private sector. [Cited on 12.5.2023]. Available at https://www.stat.fi/til/pra/2020/pra_2020_2022-03-11_tie_001_en.html.

Stockemer, D. 2019. Quantitative Methods for the Social Sciences. Vol 50. Cham, Switzerland: Springer International Publishing, ISBN 978-3-319-99117-7.

Su, S., Zhu, F., & Zhou, H. 2022. A systematic literature review on ownership and corporate social responsibility in family firms. *Sustainability*, *14*(13), 7817.

Subramanian, A. M., Choi, Y. R., Lee, S. H., & Hang, C. C. 2016. Linking technological and educational level diversities to innovation performance. *Journal of Technology Transfer,* 41(2), p. 182–204.

Spanos, L.J. 2005. Corporate governance in Greece: developments and policy implications. *The International Journal of Business in Society,* 5(1), p. 15–30.

SpencerStuart. 2024. Measure of Leadership: CEOs and Directors on Navigating Change. Available at https://www.spencerstuart.com.

Soares, R., Marquis, C., & Lee, M. 2011. Gender and corporate social responsibility: It's a matter of sustainability. *Catalyst*, 2001(1), p. 78-92.

Tang, Z., Hull, C. E., & Rothenberg, S. 2012. How corporate social responsibility engagement strategy moderates the CSR–financial performance relationship. *Journal of management Studies*, 49(7), 1274–1303.

Tang, Y., Qian, C., Chen, G., & Shen, R. 2015. How CEO hubris affects corporate social (ir)responsibility. *Strategic Management Journal,* 36(9), p. 1338–1357.

Tampere Chamber of Commerce. 2023. Certified board member course material: the chairperson of the board course. March 2023.

Temminck, E., Mearns, K. & , Fruhen, L. 2015. Motivating employees towards sustainable behavior *Business Strategic Environment*, 24 (6), p. 402–412

Tesi (Suomen Teollisuussijoitus Oy). 2023. Suomalaisten yritysten hallituksissa aiempaa enemmän kansainvälisiä jäseniä. [Cited on 31.10.2023.] Available at https://tesi.fi/tiedote/hallituskokoonpanoselvitys-2023/.

Terjesen, S., Sealy, R., & Singh, V. 2009. Women directors on corporate boards: A review and research agenda. *Corporate Governance: An International Review,* 17(3), p. 320–337.

The MBA Institute. 2024. Business Ethics and CSR – Roles and Responsibilities of the Board in CSR. [Cited on 20.08.2024]. Available at http://themba.institute.

Thys, K., Vandekerkhof, P., Steijvers, T., & Corten, M. 2023. Top management team and board of directors as the strategic leadership system: The effect of behavioral integration on strategic decision-making quality. *European Management Journal*.

Tirole, J., 2001, Corporate governance. *Econometrica,* 69(1), p. 1–35.

Torchia, M., Calabro, A., Morner, M. 2015. Board of Directors' Diversity, Creativity, and Cognitive Conflict: The Role of Board Members' Interaction. *Corporate Governance: An International Review,* 13(6), p. 856–866.

Toska, A., Ramadani, V., Dana, L., Rexhepi, G., & Zeqiri J. 2021. Family business successors' motivation and innovation capabilities: the case of Kosovo. *Journal of Family Business Management,* 12(4).

Tuppura, A., Toppinen, A., & Jantunen, A. 2013. Proactiveness and corporate social performance in the global forest industry. *International Forestry Review*, 15(1), p. 112–121.

Turunen, J. 2021. Exploring the Corporate Financial and Social Performance Relationship with Net Impact Method. Dissertation thesis, Tampere University. 152 s.

Udayasankar, K. 2008. Corporate Social Responsibility and Firm Size. *Journal of Business Ethics,* 83, p. 167–175.

Ukko, J., Saunila, M., Nasiri, M. & Rantala, T. 2022. The importance of sustainability engagement in small businesses supplier collaboration. *Sustainable Development*, 30, p. 1–9.

Ullah, M. S., Muttakin, M. B., & Khan, A. 2019. Corporate governance and corporate social responsibility disclosures in insurance companies. *International Journal of Accounting & Information Management,* 27(2), p. 284–300.

Ullmann, A. A. 1985. Data in search of a theory: a critical examination of the relationships among social performance, social disclosure, and economic performance of U.S.firms. *Academy of Management Review,* 10(3), p. 540–557.

United Nations, industrial development organization. 2024. Corporate Social Responsibility. [Cited on 22.03.2024.]. Available at www.unido.org.

U.S. securities and exchange commission. 2023. [Cited on 9.6.2023.]. Available at https://www.sec.gov/education/smallbusiness/goingpublic/officersanddirectors.

Useem, M. 2006. How Well-Run Boards Make Decisions. *Harward Business Review, 84*(11), pp. 130–6.

Coffee, J. 1996. Investor capitalism: How money managers are changing the face of corporate America by Michael Useem. New York: Basic Books.

Van Gils, A., Dibrell, C., Neubaum, D. O., & Craig, J. B. 2014. Social issues in the family enterprise. *Family Business Review,* 27(3), p. 193–205.

Virtanen, A., & Salminen, I. 2021. Hallituksen puheenjohtajan opas - johda pk-yritys menestykseen. Helsingin seudun kauppakamari. ISBN 978-952-246-629-7.

Vroom, V. 1964.Work and motivation, McGraw Hill, New York, USA

Waluyo, W. 2017. Firm Size, Firm Age, and Firm Growth on Corporate Social Responsibility in Indonesia: The Case of Real Estate Companies. *European Research Studies Journal,* 20(4A), p. 360–369.

Wan, M., Wasiuzzaman, S., & Salleh, N. 2016. Board and audit committee effectiveness, ethnic diversification and earnings management: a study of the Malaysian manufacturing sector. *Corporate Governance*, 16(4).

Western Sydney University. 2017. Literature review purpose. Available at: https://www.westernsydney.edu.au/__data/assets/pdf_file/0006/1254786/Literature_review_purpose.pdf.

Widmer, C. 1985. Why board members participate. *Journal of Voluntary Action Research*, *14*(4), 8–23.

Wiernik B., & Ones, D. Age and environmental sustainability: a meta-analysis. *Journal of Managerial Psychology,* 28 (7/8), p. 826–856

Wiersema, M., Bantel, K. 1992. Top Management Team Demography and Corporate Strategic Choice. *The Academy of Management Journal,* 35(1). p. 91–121

Witek-Hajduk, M., & Zaborek, P. 2016. Does business model affect CSR involvement? A survey of polish manufacturing and service companies. *Sustainability*, 8(2),

Wiyono, B.. 2016. Comparation of teacher's work motivation based on gender, age, education level, work duration, rank and school level. *Journal of Education and Social Sciences,* 3, p. 61–66.

Wong, I. A., Wan, Y. K. P., & Gao, J. H. 2017. How to attract and retain generation Y employees? an exploration of career choice and the meaning of work. *Tourism Management Perspectives,* 23, p. 140–150.

Wood, D. J. 2010. Measuring corporate social performance: A review. *International journal of management reviews*, 12(1), p. 50–84.

World Commission on Environment and Development, 1987. Our Common Future. Oxford University Press, Oxford, UK.

Yermack, D. 1995. Higher market valuation of companies with a small board of directors. *Journal of Financial Economics,* 40, p. 185–211.

Yrittäjät. 2023. Entrepreneurship in Finland. [Cited on 21.11.2023] Available at https://www.yrittajat.fi/en/yrittajat-organization/information-about-yrittajat/entrepreneurship-in-finland/.

Yamak, S., Ergur, A., Karatas-Ozkan, M., & Tatli, A. 2019. CSR and leadership approaches and practices: a comparative inquiry of owners and professional executives. *European Management Review*, *16*(4), p, 1097–1114.

Zahra, S. A. and Pearce, J. A. 1989. Boards of Directors and Corporate Financial Performance: A Review and Integrative Model. *Journal of Management,* 15(2), p. 291–334.

Żak, A. 2015. Triple bottom line concept in theory and practice. *Social Responsibility of Organizations Directions of Changes*, 387(1), p. 251–264.

Zhang, L. 2012. Board demographic diversity, independence, and corporate social performance. *Corporate Governance International Journal of Business in Society,* 12(5), p. 686–700.

Appendices

Appendix 1: The original survey in Finnish.

Hallituksen jäsenten motivaatio ja vastuullisuus

Tässä tutkimuksessa vastuullisuudella tarkoitetaan kaikkia vastuullisuuden osa-alueita eli ympäristövastuu, sosiaalinen vastuu ja hallinnon vastuu.

Valitse liikevaihdolla mitattuna suurin yritys, jonka hallituksen jäsen tai puheenjohtaja olet. Vastaa kyselyyn tämän yhtiön näkökulmasta.

☐ Pakolliset kysymykset merkitty tähdellä (*)

Kyselyssä tutkitaan yritysten hallituksessa työskentelevien yksilöiden motivaatiotekijöitä ja heidän näkemyksiään vastuullisuudesta osana yrityksen hallituksen toimintaa.

Valitse liikevaihdolla mitattuna suurin yritys, jonka hallituksen jäsen tai puheenjohtaja olet. Vastaa kyselyyn tämän yhtiön näkökulmasta.

Sinun tulee hyväksyä kysymyksen 2 suostumus tietojen keräämiseen, jotta pääset vastaamaan kysymyksiin.

Kyselyssä on yhteensä 40 kysymystä. Vastaamisen on arvioitu kestävän noin 5 minuuttia.

Tutkimus on osa Turun Yliopiston jatko-opiskelija Klaus Breitholtzin väitöskirjatutkimusta. Tutkimuksen tietosuojalauseke löytyy täältä.

1. Sähköpostiosoitteesi tutkimuksen tuloksien toimittamista varten (vapaaehtoinen)

Vapaaehtoinen - Sähköpostiosoitetta käytetään ainoastaan, jotta voimme raportoida tutkimuksen tuloksista sinulle.

2. Hyväksyn tietojeni keräämisen yllä mainittuun käyttöön *

- ◯ Kyllä
- ◯ Ei

3. Yrityksen liikevaihto euroina viimeisellä päättyneellä tilikaudella

- ◯ alle 2 M€
- ◯ 2-10M€
- ◯ 11-50M€
- ◯ yli 50M€

4. Yrityksen liikevaihdon muutos viimeisen kolmen (3) tilikauden aikana prosentteina / %.

5. Yrityksen taseen loppusumma viimeksi päättyneellä tilikaudella

- Alle 2M€
- 2-10M€
- 11-43M€
- yli 43M€

6. Yrityksen liikevoitto ennen veroja euroina viimeksi päättyneelle tilikaudella, tuhatta euroa / t€

7. Omistaako yksi perhe tai suku yrityksestä yli 10%?

- Kyllä
- Ei

8. Onko kyseessä pörssiyritys?

- Kyllä
- Ei

9. Institutionaalisten omistajien omistusosuus yrityksestä prosentteina / %

10. Operatiivisen johdon ja työntekijöiden yhteenlaskettu omistus yrityksestä prosentteina / %

11. Yrityksen perustamisvuosi

____

12. Onko yritys palvelu vai tuotantoyritys

- ○ Yli 50% liikevaihdosta tulee palveluista
- ○ Yli 50% liikevaihdosta tulee tuotteiden tuottamisesta

13. Yrityksen henkilökunnan lukumäärä

- ○ 0-10 henkilöä
- ○ 10-50 henkilöä
- ○ 51-250 henkilöä
- ○ yli 250 henkilöä

14. Ikäsi

- ○ alle 30 vuotta
- ○ 30-39 vuotta
- ○ 40-49 vuotta
- ○ 50-59 vuotta
- ○ 60-69 vuotta
- ○ 70-79 vuotta
- ○ yli 79 vuotta

15. Taustaltasi olen eniten seuraavan alan ammattilainen

- ○ Talous
- ○ Tekniikka
- ○ Juridiikka
- ○ Yleisjohto
- ○ Konsultointi
- ○ Muu

16. Koulutustaustasi on (valitse korkein suorittamasi)

- Peruskoulu tai 2. aste
- Alempi korkeakoulu
- Ylempi korkeakoulu
- Tohtori

17. Yrityksen hallituksen jäsenten lukumäärä / kpl

____

18. Yrityksen hallituksen naisjäsenten lukumäärä / kpl

____

19. Ei-suomalaisten hallituksen jäsenten lukumäärä / kpl

____

20. Onko toimitusjohtaja myös hallituksen puheenjohtaja?

- Kyllä
- Ei

21. Olen itse riippumaton hallituksen jäsen

Riippumaton hallituksen jäsen ei omista suoraan tai välillisesti yli 5% yrityksen osakkeista eikä toimi yrityksen operatiiviessa organisaatiossa säännöllisesti

- kyllä
- En

22. Hallituksen riippumattomien jäsenten lukumäärä / kpl

____

23. Kokemuksesi kyseistä yrityksestä (työkokemus ja hallituskokemus yhteenlaskettuna)

- ○ alle 1 vuosi
- ○ 1-5 vuotta
- ○ 6-10 vuotta
- ○ 11-15 vuotta
- ○ 16-20 vuotta
- ○ yli 20 vuotta

24. Toimin hallituksen puheenjohtajana yhtiössä, jonka näkökulmasta vastaan tähän kyselyyn

- ○ Kyllä
- ○ En

25. Nykyisessä tehtävässäsi yrityksen hallituksessa

	Täysin eri mieltä	Osittain eri mieltä	Ei samaa eikä eri mieltä	Osittain samaa mieltä	Täysin samaa mieltä
3.1 Haluat käyttää entistä enemmän aikaa yhtiön hallituksen eteen	○	○	○	○	○
3.2 Haluat kehittää itseäsi parantaaksesi työsi laatua hallituksessa	○	○	○	○	○
3.3 Haluat ottaa enemmän vastuuta hallituksessa	○	○	○	○	○
3.4 Koet, että muut hallituksen jäsenet arvostavat panostasi yhtiön hallituksen eteen	○	○	○	○	○
3.5 Koet, että hallituksen jäsenyys on sinulle tärkeää	○	○	○	○	○
3.6 Sinusta tuntuu, että olet tehnyt enemmän työtä hallituksen eteen kuin muut hallituksen jäsenet	○	○	○	○	○
3.7 Haluat vaikuttaa toimintaympäristöösi	○	○	○	○	○

26. Kun työskentelet hallituksessa yrityksen eteen, niin sinulla on mahdollisuus seuraaviin kannustimiin?

	Täysin eri mieltä	Osittain eri mieltä	Ei samaa eikä eri mieltä	Osittain samaa mieltä	Täysin samaa mieltä
4.1 Saat taloudellista korvausta entistä enemmän	○	○	○	○	○
4.2 Saat kunnianosoitusta yrityksessä	○	○	○	○	○
4.3 Voit ottaa vastaan haastavampia työtehtäviä	○	○	○	○	○

	Täysin eri mieltä	Osittain eri mieltä	Ei samaa eikä eri mieltä	Osittain samaa mieltä	Täysin samaa mieltä
4.4 Olet arvostettu yhteisön ihmisten keskuudessa	○	○	○	○	○
4.5 Saat tyytyväisyyden tunteen tekemällä hyvää yhteiskunnalle	○	○	○	○	○
4.6 Pääset hyödyntämään koko potentiaalisi	○	○	○	○	○
4.7 Tunnet onnistumisen tunnetta	○	○	○	○	○
4.8 Tulet tunnetummaksi yrityksen ulkopuolella	○	○	○	○	○

27. Miten tuttua vastuullisuus on sinulle?

- ○ Ei tuttua
- ○ Ei kovin tuttua
- ○ En osaa sanoa
- ○ Melko tuttua
- ○ Hyvin tuttua

28. Vastuullisuudesta keskusteleminen hallituksen kanssa on [________] maineelleni.

- ○ Erittäin huonoa
- ○ Huonoa
- ○ Neutraalia
- ○ Hyvää
- ○ Erittäin hyvää

29. Vastuullisuus vaikuttaa [________] yrityksen taloudelliseen tulokseen

- ○ Erittäin haitallisesti
- ○ melko haitallisesti
- ○ neutraalisti
- ○ melko positiivisesti
- ○ Erittäin positiivisesti

30. Vastuullisuuden integroiminen hallituksen toimintaan tulee vaikuttamaan [________] yrityksen menestykseen.

- ○ Erittäin haitallisesti
- ○ Melko haitallisesti
- ○ Neutraalisti
- ○ Melko hyödyllisesti
- ○ Erittäin hyödyllisesti

31. Omistajan mielipide on [________] vastuullisuuden käsittelyyn hallituksessa

- Erittäin negatiivinen
- Melko negatiivinen
- En osaa sanoa
- Melko positiivinen
- Erittäin positiivinen

32. Vastuullisuudesta keskustelu hallituksessa on tärkeää

- Täysin eri mieltä
- Osittain eri mieltä
- Ei samaa eikä eri mieltä
- Osittain samaa mieltä
- Täysin samaa mieltä

33. Keskustelemmeko vastuullisuudesta hallituksen kokouksessa vai ei, on täysin minusta riippuvaista

- Täysin eri mieltä
- Osittain eri mieltä
- Ei samaa eikä eri mieltä
- Melko samaa mieltä
- Täysin samaa mieltä

34. Vastuullisuudesta keskustelu hallituksessa on itselleni luontevaa

- Täysin eri mieltä
- Osittain eri mieltä
- Ei samaa eikä eri mieltä
- Osittain samaa mieltä
- Täysin samaa mieltä

35. Organisaation vastuullisuusstrategia* otetaan huomioon [________] hallituksen toiminnassa

vastuullisuusstrategia voi olla erillinen dokumentti tai osa yrityksen yleistä liiketoimintastrategiaa

- ◯ Hyvin huonosti
- ◯ Melko huonosti
- ◯ Neutraalisti
- ◯ Melko hyvin
- ◯ Erittäin hyvin

36. Hallitus on osaava soveltamaan vastuullisuutta käytännössä

- ◯ Täysin eri mieltä
- ◯ Osittain eri mieltä
- ◯ Ei samaa eikä eri mieltä
- ◯ Osittain samaa mieltä
- ◯ Täysin samaa mieltä

37. Yritys on vastuullisuudessa seuraavassa vaiheessa

mukaillen Baumgartner & Ebner 2010 julkaisemaa luokittelua

Jalanjälki: organisaation tai yrityksen negatiiviset vaikutukset ympäröivään maailmaan
Kädenjälki: organisaation tai yrityksen positiiviset vaikutukset ympäröivään maailmaan

◯ **1. Alkuvaiheessa**
1.1 vastuullisuuden merkitys on tiedostettu, mutta ei vielä merkittäviä toimenpiteitä
1.2. Ihmisoikeuksia kunnioitetaan yleensä, mutta sääntöjä ja ohjeita ei ole olemassa, eikä organisaatiossa ole myöskään yhteisiä käytäntenteitä.
1.3 Mitään julistusta kiistanalaista toimintaa vastaan ei ole.
1.4 Korruptiota ja kartellia koskevia lakeja ja määräyksiä noudatetaan.
1.5 Yrityskansalaisuuteen ei kiinnitetä huomiota organisaatiossa.

◯ **2. Perusvaiheessa**
2.1 Yrityksen jalanjälkiä alettu pienentää
2.2 Ihmisoikeuksia kunnioitetaan. Pääasialliset säännöt siitä, miten organisaatiossa tulee toimia, määritellään.
2.3 Yritys ilmoittaa olevansa tietoinen siitä, kenelle se myy tavaransa.
2.4 Lakien ja määräysten noudattaminen; tärkeimmät korruptiota koskevat vaikutukset tunnistetaan.
2.5 Joitakin yrityskansalaisuushankkeita käynnistetään tai tuetaan (enimmäkseen rahallisesti)

◯ **3. Tyydyttävässä vaiheessa**
3.1 Jalanjälkien pienentämisen lisäksi myös tuotevalikoimassa on tuotteita ja palveluita, joilla voidaan lisätä kädenjälkiä
3.2 Koko organisaatiossa on määritelty (sisäistä) käyttäytymistä koskevat yrityssäännöt ja ohjeet.
3.3 Organisaatio on tietoinen kenelle se myy tavaransa ja asettaa toimenpiteitä kiistanalaisten toimintojen vähentämiseksi.

3.4 Korruptoituneiden käytäntöjen vaikutukset tunnistetaan täysin ja toimenpiteet niiden välttämiseksi on asetettu.
3.5 Yrityskansalaisuus suunnitellaan ja toteutetaan systemaattisesti (rahallinen ja ei-rahallinen sitoumus).

4. Erinomaisessa vaiheessa (vastuullisuus on yrityksen strategian perusta)
4.1 Nettovaikutuksia optimoidaan
4.2 Koko organisaation (sisäistä) käyttäytymistä koskevat konsernisäännöt ja ohjeet määritellään. Näiden koodien valvonta ja ennakoiva parantaminen on käytössä.
4.3 Organisaatio tunnetaan ei-kiistanalaisena toimivana yrityksenä. Se osoittaa uskottavuutta siinä, että se tarjoaa ja seuraa mahdollisuuksia välttää tuotteidensa negatiivinen käyttö sidosryhmien vaatimusten perusteella. Korruptoituneiden käytäntöjen vaikutukset on täysin tunnistettu.
4.4 Korruptoituneiden käytäntöjen kaikenlaisten ja (sisäisten) seurausten osoittamiseksi on olemassa erilliset säännöt ja toimenpiteet niiden välttämiseksi.
4.5 Yrityskansalaisuus suunnitellaan ja toteutetaan systemaattisesti (rahallinen ja ei-rahallinen sitoumus) ja keskittyy pitkäjänteiseen sitoutumiseen. Suurin osa työntekijöistä on integroitu prosessiin.

38. Kuinka tärkeitä seuraavat kannustimet ovat sinulle hallitustyössä?

	Täysin eri mieltä	Osittain eri mieltä	Ei samaa eikä eri mieltä	Lähes samaa mieltä	Täysin samaa mieltä
26.1 Kasvanut taloudellinen korvaus	○	○	○	○	○
26.2 Kasvanut hallituksen muiden jäsenten arvostus sinua kohtaan	○	○	○	○	○
26.3 Kasvanut yrityksen henkilöiden arvostus sinua kohtaan	○	○	○	○	○
26.4 Sinulle avautuu uusia hallituspaikkoja	○	○	○	○	○
26.5 Saat entistä haastavampia työtehtäviä nykyisessä yrityksessä	○	○	○	○	○
26.6 Tunnet hyvää oloa tekemällä hyvää yhteiskunnalle	○	○	○	○	○
26.7 Tunnet onnistumista	○	○	○	○	○
26.8 Olet tunnettu yhteisössä	○	○	○	○	○

39. Olen seuraavan hallitustoiminnassa mukana olevan yhdistyksen jäsen (voit valita useamman vaihtoehdon)

☐ Future Board
☐ Hallituspartnerit
☐ Directors Institute Finland
☐ Boardman

40. Osana tutkimusta toteutetaan haastatteluja hallituksen motivaatioon ja vastuullisuuteen liittyen. Anna alla sähköpostiosoitteesi, mikäli olet kiinnostunut tälläiseen haastatteluun osallistumaan. Mahdollisiin haastatteluihin osallistuviin ollaan yhteydessä myöhemmin.

Sähköpostiosoitteesi (vapaaehtoinen, käytetään ainoastaan mahdollisiin tutkimuksen haastatteluihin liittyen) ______

Appendix 2: Descriptive statistics.

r	given answers	empty answers	empty %	median	average	Standard deviation
CD_TO	114	1	0,87%	3	2,62	0,95
CD_Grth%	115	0	0,00%	20,00%	55,10%	1,28
CD_BalSh	112	3	2,61%	2	2,27	1,03
CD_prof€	111	4	3,48%	538	43474,67	220992,48
CD_family	115	0	0,00%	1	0,64	0,48
CD_pub	113	2	1,74%	0	0,04	0,21
CD_inst%	114	1	0,87%	0,00	12,70%	0,30
CD_mgmt%	112	3	2,61%	25,0%	39,7%	0,41
CD_age	111	4	3,48%	29,0	33,90	25,40
CD_model	114	1	0,87%	0	0,41	0,49
CD_people	115	0	0,00%	3	2,57	0,94
BM_age	115	0	0,00%	4	3,75	1,26
BM_backg	115	0	0,00%	4	3,30	1,48
BM_edu	114	1	0,87%	3	2,81	0,65
B_size	115	0	0,00%	5	4,75	1,90
B_gender	113	2	1,74%	1	1,26	1,33
B_gender%	115	0,00	0,00%	0	23,5%	0,23
B_int	114	1,00	0,87%	0	0,23	0,82
B_int%	115	0,00	0,00%	0	3,6%	0,13
B_dual	114	1,00	0,87%	0	0,12	0,33
BD_Ind	115	0,00	0,00%	0	0,36	0,48
B_IndNo	115	0,00	0,00%	2	2,66	2,28
B_Ind%	115	0,00	0,00%	1	52,6%	0,40
BM_tenure	114	1,00	0,87%	3	2,80	1,22
BM_chair	113	2,00	1,74%	0	0,35	0,48
M_MoreT	115	0,00	0,00%	4	3,79	0,99
M_Qlt	115	0,00	0,00%	5	4,50	0,87
M_MoreRspnsblt	115	0,00	0,00%	4	3,45	1,04
M_rspct	115	0,00	0,00%	5	4,42	0,84
M_Imp	115	0,00	0,00%	5	4,49	0,74
M_effort	115	0,00	0,00%	3	3,18	1,25
M_envir	115	0,00	0,00%	5	4,42	0,69
I_fina	115	0,00	0,00%	3	2,57	1,36
I_honor	115	0,00	0,00%	4	3,38	1,00
I_task	115	0,00	0,00%	4	3,45	1,04
I_Rspct	115	0,00	0,00%	4	3,95	0,84
I_soc	115	0,00	0,00%	4	4,19	0,82

I_pot	115	0,00	0,00%	4	4,27	0,80
I_sccss	115	0,00	0,00%	5	4,40	0,71
I_recog	115	0,00	0,00%	3	3,37	1,08
S_know	114	1,00	0,87%	4	4,31	0,64
S_rep	114	1,00	0,87%	4	4,04	0,69
S_Prof	114	1,00	0,87%	4	3,92	0,71
S_Integ	113	2,00	1,74%	4	4,08	0,64
S_owner	113	2,00	1,74%	4	4,20	0,78
S_Imp	113	2,00	1,74%	5	4,53	0,64
S_disc	113	2,00	1,74%	2	2,60	1,23
S_conf	114	1,00	0,87%	5	4,42	0,73
S_strg	115	0,00	0,00%	4	3,68	0,97
S_prac	114	1,00	0,87%	4	3,65	0,99
S_status	112	3,00	2,61%	3	2,50	0,93
P_fina	115	0,00	0,00%	3	3,37	1,08
P_Rspct	115	0,00	0,00%	4	3,81	0,78
P_Comp	115	0,00	0,00%	4	3,62	0,86
P_new	115	0,00	0,00%	4	3,83	1,06
P_task	115	0,00	0,00%	3	3,06	1,22
P_soc	115	0,00	0,00%	4	4,34	0,78
P_sccss	115	0,00	0,00%	5	4,55	0,57
P_socKnw	115	0,00	0,00%	4	3,61	0,94
B_Fubo	115	0,00	0,00%	0	0,30	0,46
B_HP	115	0,00	0,00%	1	0,61	0,49
B_DIF	115	0,00	0,00%	0	0,18	0,39
B_BM	115	0,00	0,00%	0	0,17	0,37

Appendix 3: Sources of the survey questions.

	Source of the original question	Original question	Used question in this study
CD_TO	Khan & Baker, 2022, categories from EU, 2023	Company turnover	What is annual sales in the previous financial year? 4 categories
CD_Grth%	Lee & Lee, 2019	The growth of sales	Annual turnover change in % within the previous 3 financial years?
CD_BalSh	Khan & Baker, 2022, categories from EU, 2023	Company's balance sheet value	Balance sheet value in the previous financial year?, 4 categories
CD_prof€	Lee & Lee, 2019	Corporate profit	How much profit company made before taxes in the previous financial year?
CD_family	Khan & Baker, 2022	Does a family, spouse, and children own at least 10% of the shares.	Does one family own more than 10% of the company?
CD_pub	Khan & Baker, 2022	Is company publicly listed?	Is the company traded in the public stock exchange?
CD_inst%	Khan & Baker, 2022	% of institutional owners of total ownership.	How much institutional owners own the company?
CD_mgmt%	Khan & Baker, 2022	% owned by management of total ownership	Does operative managers and employees ownership from the company?
CD_age	Khan & Baker, 2022	Firm age since its establishment.	When the company was founded?
CD_model	Witek-Hajduk & Zaporek, 2016	Choose the business model category that was most consistent with your company	Does company make more 50% of it turnover in services or in manufacturing?
CD_people	Khan & Baker, 2022, categories from EU, 2023	Number of employees in the company	Number of employees in the company, 4 categories
BM_age	Khan & Baker, 2022	Blau index for director's age, 7 categories	How old are you? 7 categories
BM_backg	Khan & Baker, 2022	Blau index for directors' backgound	What is your professional background?, 4 categories
BM_edu	Khan & Baker, 2022	Blau index for directors' education background	What is educational level of the board member, 4 categories
B_size	Khan & Baker, 2022	The total number of board members.	How many persons are in the board?
B_gender	Khan & Baker, 2022	Total number of female directors in the board	How many female board members are in the board?

B_gender%	Khan & Baker, 2022	Female directors to total directors.	Counted in the research based on other questions
B_int	Khan & Baker, 2022	Total number of international board members	How many non-finnish board members are in the board?
B_int%	Khan & Baker, 2022	International directors to total directors	Counted in the research based on other questions
B_dual	Khan & Baker, 2022	Is CEO also chairperson of the board	Is the CEO also chairperson of the board?
BD_Ind	Khan & Baker, 2022	Is a respondend an independent director?.	Are you yourself an independent board member?
B_IndNo	Khan & Baker, 2022	Total number of independent directors	How many independent board members are in total in the board?
B_Ind%	Khan & Baker, 2022	Independent directors to total directors	Counted in the research based on other questions
BM_tenure	Khan & Baker, 2022	How long tenure person has in the company	Years of tenure the board member has from the company (employment + board member), 6 options
BM_chair	Khan & Baker, 2022	Are you chairperson of the board?	Are you chairperson of the board?
M_MoreT	Chareonwongsak, 2017	Your current work as a Co-operative Board member, You wish to sacrifice more time and ability in working for the co-operative	Your current work as a board member, you wish to sacrifice more time in working for the board
M_Qlt	Chareonwongsak, 2017	Your current work as a Co-operative Board member, you wish to develop yourself to increase your quality of work for the co-operative	Your current work as a board member, You wish to develop yourself to increase your quality of work for the board
M_MoreRspnsblt	Chareonwongsak, 2017	Your current work as a Co-operative Board member, you wish to take more responsibility in the co-operative’s work	Your current work as a board member, you wish to take more responsibility in the board’s work
M_rspct	Chareonwongsak, 2017	Your current work as a Co-operative Board member, you feel that other Board members respect and value having you work as a Board member	Your current work as a board member, you feel that other board members respect and value having you work as a Board member
M_Imp	Chareonwongsak, 2017	Your current work as a Co-operative Board member, you feel that being a member of the Co-operative Board is important to you	Your current work as a board member, you feel that being a member of the Board is important to you

M_effort	Chareonwongsak, 2017	Your current work as a Co-operative Board member, you feel that you have sacrificed more effort than other Board members	Your current work as a board member, you feel that you have sacrificed more effort than other board members
M_envir	Adapted from Chareonwongsak, 2017	Your current work as a Co-operative Board member, You feel that your decision-making has a significant impact on improving the standard of living for co-operative members	Your current work as a Board member you will have a chance to affect the environment
I_fina	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to have increased financial benefit (Meeting Allowance, Bonus, Welfare)	Do you agree that if you work hard for the board, you will have a chance to have increased financial benefit
I_honor	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to being honored and awarded by the co-operative or the Public Sector	Do you agree that if you work hard for the board, you will have a chance to being honored by the company
I_task	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to taking on more challenging work tasks	Do you agree that if you work hard for the board, you will have a chance to taking on more challenging work tasks
I_Rspct	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to gaining admiration and respect and being loved by colleagues and people in the community	Do you agree that if you work hard for the board, you will have a chance to gaining admiration by people
I_soc	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to feeling good and satisfied through doing good for society and utilizing all one’s potential	Do you agree that if you work hard for the board, you will have a chance to feeling good and satisfied through doing good for society
I_pot	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to feeling good and satisfied through doing good for society and utilizing all one’s potential	Do you agree that if you work hard for the board, you will have a chance to utilizing all one’s potential
I_sccss	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to feelings of accomplishment	Do you agree that if you work hard for the board, you will have a chance to feelings of accomplishment

I_recog	Chareonwongsak, 2017	Do you agree that if you work hard for the co-operative, you will have a chance to being well known in the community and society	Do you agree that if you work hard for the board, you will have a chance to being well known outside the company
S_know	Silvius & Graaf, 2019	Discussing sustainability with the project board (steering committee) is [________] my reputation.	Discussing sustainability with the board of directors is [________] my reputation.
S_rep	Silvius & Graaf, 2019	Sustainability will [________] the project bottom line	Sustainability will [________] the company's bottom line
S_Prof	Silvius & Graaf, 2019	Discussing sustainability in the board meeting [________] my relationship with the project board	Discussing sustainability in the board meeting [________] my relationship with the board
S_Integ	Silvius & Graaf, 2019	Integrating sustainability into the project will [________] the project success.	Integrating sustainability into the operations will [________] the company's success.
S_owner	Silvius & Graaf, 2019	My manager is [________] about me addressing sustainability with the project board	The owner is [________] about me addressing sustainability with the board
S_Imp	Silvius & Graaf, 2019	Discussing sustainability in projects is the right thing to do	Discussing sustainability in board is the right thing to do
S_disc	Silvius & Graaf, 2019	Whether I discuss sustainability in the project board meeting or not, is entirely up to me	Whether I discuss sustainability in the board meeting or not, is entirely up to me
S_conf	Silvius & Graaf, 2019	I feel confident that I am able to discuss sustainability with the project board.	I feel confident that I am able to discuss sustainability with the board.
S_strg	Silvius & Graaf, 2019	the presence of a sustainability strategy in the organization would [________] to discuss sustainability with the project board	the presence of a sustainability strategy in the organization would [________] to discuss sustainability with the board
S_prac	Silvius & Graaf, 2019	My projects generally have good application for sustainability.	My board generally have good application for sustainability.
S_status	Baumgartner & Ebner, 2010	Maturity levels of social sustainability aspects	On what level is CSR in the company is at the moment, 4 categories
P_fina	Chareonwongsak, 2017	How important are these rewards to you: Having increased financial benefit (Meeting Allowance, Bonus, Welfare)	How important are these rewards to you: having increased financial benefit
P_Rspct	Chareonwongsak, 2017	How important are these rewards to you: Being honored and awarded by the co-operative or the public sector	How important are these rewards to you: being honored and awarded by the other board members

P_Comp	Chareonwongsak, 2017	How important are these rewards to you: Being honored and awarded by the co-operative or the public sector	How important are these rewards to you: being honored and awarded by the other people in the company
P_new	adapted on Chareonwongsak, 2017	How important are these rewards to you:	How important are these rewards to you: opening of new board positions
P_task	Chareonwongsak, 2017	How important are these rewards to you: Taking on more challenging work tasks	How important are these rewards to you: Taking on more challenging work tasks in the current company
P_soc	Chareonwongsak, 2017	How important are these rewards to you: Feeling good and satisfied by doing good for society and utilizing all one's potential	How important are these rewards to you: Feeling good and satisfied by doing good for society
P_sccss	Chareonwongsak, 2017	How important are these rewards to you: Feelings of accomplishment	How important are these rewards to you: Feelings of accomplishment
P_socKnw	Chareonwongsak, 2017	How important are these rewards to you: Being well-known in the community and society	How important are these rewards to you: Being well-known in the community
B_Fubo	created for survey statistics by researcher	-	Are you member of Future Board association?
B_HP	created for survey statistics by researcher	-	Are you member of Hallituspartnerit association?
B_DIF	created for survey statistics by researcher	-	Are you member of Director's institute of Finland association?
B_BM	created for survey statistics by researcher	-	Are you member of Boardman association?

TURUN YLIOPISTO
UNIVERSITY OF TURKU

Painosalama, Turku, Finland 2024

ISBN 978-951-29-9914-9 (PRINT)
ISBN 978-951-29-9915-6 (PDF)
ISSN 2736-9390 (Painettu/Print)
ISSN 2736-9684 (Sähköinen/Online)