European Journal of Social Impact and Circular Economy

Social pillar score and the CSR Committee: An empirical analysis of corporate governance mechanisms

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Received: 22/02/2023
Accepted for publication: 20/04/2023
Published: 21/04/2023

Abstract

This empirical study on corporate governance mechanisms addresses the potential impact of the corporate social responsibility committee (CSRc) on the social pillar score (SP). Based on a sample of 457 listed European companies from the Refinitiv Thomson-Eikon database over a one-year period (2021), this paper examines the effect of a corporate social responsibility (CSR) committee and the moderating effect of gender diversity on the social pillar score. Our analysis shows that the more firms have CSR committees, the more likely they are to adopt "socially responsible policies and practices". In addition, female directors on the board positively moderate the previous relationship. Therefore, this research stresses that gender diversity and CSR committees significantly predict a firm's social initiatives. Thus, our findings show that CSR committees and gender diversity are socially sensitive variables. Finally, the analysis demonstrates a positive relation between firm size, board size, role duality, board independence variables, and the social pillar score.

Keywords: Social pillar; corporate and social responsibility; CSR committee; gender diversity

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1. Introduction

Although there is yet to be a clear definition of the environmental, social and governance (ESG) approach (Li et al., 2021), it is quite sure that ESG focuses on three pillars: the environmental, social, and governance pillars. The social pillar includes health and safety, diversity and opportunity, training and development, employment quality, product responsibility, community, and human rights. (Marsat & Williams 2014). It also represents a major component of corporate reputation (Bruno A. et al. 2015).

Currently, stakeholders are focused on environmental, social and governance (ESG) behaviour and disclosures to prevent firm misconduct, obtain higher assurance of corporate reputation (Arayssi et al., 2020) and comprehend management plans to produce value in the medium and long term (Escrig-Olmedo *et al.*, 2010; Zumente and Bistrova, 2021). The main element of a profound change is good corporate governance, and scholars have recently concentrated their attention on seeking means that enhance the social performance of firms (Urmanaviciene A. 2020).

In this context, corporate boards (CBs) are key in corporate governance (John K. & Senbet L.W. 1998). They can considerably influence firms' engagement and disclosure of social activities in business reporting (Francoeur, C et al. 2019). Firms must have a strong social commitment to establish value-creating stakeholder relationships to build sustainability (Secinaro S. et al 2020). The linkage between companies and the community is specifically founded on the decisions made by the CB, which traditionally aligns the interests of stakeholders and shareholders with day-to-day managerial operations (Belkhir, 2009).

Accordingly, the sensitivity and qualitative characteristics of CB can (positively or negatively) impact CSR (Urmanaviciene A. & Udara S. A. (2020) and ESG performance. At present, academia and practitioners seem more attracted by environmental issues, while social and governance features appear less investigated (Leopizzi et al., 2020). Even if the social pillar (SP) should be interpreted by a more general approach that a company uses to act sustainably, it can also be separately addressed to consider how it promotes a better quality of life for all involved parties. The SP area involves human rights, gender equality and diversity, social assistance, educational programmes, investments, and involvement in social protection programs (Murphy, 2012).

This paper moves from the perspective that, thanks to the operation of CSR committees and a wider diversity on the board, a specialized focus on ESG issues can support policies in favour of more socially sustainable development within and outside the firm (Stevens, 2010).

This research explores whether the presence of CSR committees can enhance social performance and whether the combined presence of higher diversity and CSR committees can further support the sustainable development of practices in the SP area. This perspective has been generated by the expectation that a CSR committee pays particular attention to ESG features (Baraibar-Diez and Odriozola, 2019), and contextually, the combination of board diversity and CSR committee operations can produce a "leverage" effect.

In addition, women have different leadership styles because they are more concerned with organizational needs and focus on community welfare and service organizations (Arayssi et al., 2016). Women directors possess characteristics that are more aligned with social issues since they have more communal characteristics, such as being supportive, gentle, and emphatic (Monteiro *et al.*, 2022; Uyar et al., 2022). Consequently, women are more concerned with corporate social performance since they tend to address stakeholders' interests better. Women's presence in board rooms encourages firms to become socially responsible and adopt environmentally friendly practices (Arayssi et al., 2016).

Therefore, this research aims to show that the presence of CSR committees, combined with gender diversity, could support a new competitive environment for behaviour that can be addressed as socially responsible (René et al. 2021).

To achieve this objective, the paper is organized as follows: Section 2 presents a literature review of the relationship between the social pillar, CSR committees, and gender diversity. Section 3 details the dataset and methodology. Section 4 provides the results and discusses the influence of the different components of the social pillar. Section 5 concludes the paper.

2. Literature review

The literature investigates the global relationship between CSR and financial performance (Bird et al., 2007). Specifically, the literature on human capital reinforces the idea that social expenses on employees should be linked with financial goodwill because motivating employees should increase productivity (Becker 1962). Specifically, a study from Marsat & Williams, 2014, shows a strong positive relationship between the social pillar and firm value. Interestingly, in this paper, even if not all the components of the social pillar are positively related to the overall results of global financial goodwill, this finding is consistent with the idea that the social pillar is an intangible asset producing firm market value and taking part in corporate social responsibility (Scholtens 2006).

Most other studies are focused on the complete measure of CSR and its main components or more specific issues such as human capital, religiosity (Shahid A. et al., 2022), legitimation, behaviour, and a good reputation among local communities (Marsat, S., Williams, B., 2013). Other studies have focused on the link between stakeholder welfare (including the environment) and firm value. (Jiao 2010).

European Journal of Social Impact and Circular Economy - ISSN: 2704-9906
DOI: 10.13135/2704-9906/7425 Published by University of Turin http://www.ojs.unito.it/index.php/ejsice/index

Moreover, previous research examined board gender diversity (BGD), concluding that a CSR committee could also emphasize its effectiveness. BGD plays a crucial role in prioritising CSR-related issues (Eberhardt-Tot et al., 2019) and tends to improve responsible management and social performance. It has been shown that board gender diversity (i.e., the proportion of female directors) is positively associated with firms' social commitment to human rights, product responsibility, and, consequently, their contribution to firm sustainability (Beji *et al.*, 2021; Arayakarnkul P. et al. 2022).

Martínez-Ferrero et al. (2020) examine the effect of gender diversity and the moderating effect of the existence of a CSR committee. Specifically, this study aimed to improve the understanding of the factors determining a firm's affiliation with the United Nations Global Compact (UNGC) as the largest voluntary corporate responsibility initiative worldwide. The results suggest that female directors on the board significantly encourage the firm's affiliation with the UNGC and support the mediating effect of the existence of a CSR committee. Therefore, the positive impact of female directors on UNGC signatories appears to be mediated by the existence of a CSR committee.

However, a few studies (sectoral and limited to some specific period) have tried to investigate the opposite relationship between the existence of CSR committees on the social pillar and the moderating effect of board gender diversity. Specifically, Uyar et al. (2021) showed that CSR committees and BGD positively enhanced CSR performance. Govindan et al. (2021) show that firms operating in the logistics sector with a sustainability committee are more likely to have greater corporate social responsibility performance (both overall and social) in 2018 than those that do not. Therefore, these authors confirm that logistics companies listed on the stock exchange will likely disclose a broader range of CSR aspects within their reports, implying an impact from stakeholder pressures on their CSR practices.

The presence of a CSR committee also plays a significant role in improving corporate social performance strengths, even though it cannot reduce public concerns (Burke et al., 2019).

Other research found a positive relationship between CSR performance and the presence of a CSR committee. Specifically, Spitzeck (2009) found that companies with a CSR committee have better corporate sustainability performance in the Corporate Responsibility Index. These committees can successfully improve corporate social performance strengths.

Baraibar-Diez and Odriozola (2019) also analysed the influence of a CSR committee on CSR performance, specifically ESG performance in the UK, France, Germany, and Spain. They found that companies with a CSR committee have different ESG scores than firms without one. A CSR committee is related to better performance when considering the four scores (environmental, social, governance, and economic) and the four countries independently (except for economic scores in Spain).

The social pillar in the literature is mostly studied about environmental reporting and is not studied "per se" (Ashfaq, K. & Rui, Z. 2018). Studies focus on specific contexts such as Europe (Baraibar-Diez, E. & Odriozola, M.D. 2019) and Italy (Cucari et al. 2017). The literature has explored the relationship between a firm's social performance and reporting while also considering board gender diversity; however, these studies focused mainly on developed countries and paid less attention to emerging countries that require special consideration (Arayssi et al., 2020; Khwaja N. C.L. 2021; Yadav P. & Prashar A. 2022).

Other authors have concluded that board characteristics influence the presence of CSR committees. In detail, they found that independent directors promote the creation of specialized committees to make decisions related to CSR strategies. Moreover, in this specific situation, the CSR committee is a mediator between independent directors and the adoption of the Global Reporting Initiative – International Finance Corporation (GRI-IFC) strategy. (García-Sanchez et al. 2017),

A body of literature has documented a positive relationship between board gender diversity and sustainability performance (Uson et al. 2022) across a broad spectrum of sustainability indicators (Amran, A et al. 2014; Eberhardt-Toth, E. 2017). Other authors have considered culture in the relationship between corporate social performance and firm performance (Wei S. & Veenstra K. 2021). Moreover, other researchers confirm that 'structural' gender diversity is a significant predictor of a firm's environmental sustainability initiatives, so gender diversity is also a sustainability issue (Kassinis G. et al. 2016).

Regarding the social pillar in the national literature, we have discovered that some Italian authors have already shown that CB diversity, proxied by director independence (a demographic diversity in boards and gender diversity), affects corporate social performance (CSP). In this research, CSP concepts were presented, including those that evolved from the concept of corporate social responsibility (CSR), which is a static concept emphasizing accountability. At the same time, CSP is a bottom-line concept emphasizing sustainable outcomes (Veltri et al. 2020). The sample in this research is the most capitalized firms.

In this stream, apart from very specific points of view, our approach is innovative since we investigate the link between gender diversity and the social pillar related to CSR.

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3. Theoretical framework and hypothesis development

Stakeholder theory (Cummings, L. & Patel, C. 2009) and agency theory are common theories used to understand the link between corporate governance and sustainability performance. Specifically, stakeholder theory argues that it is important for companies to establish strong relations with stakeholders to maintain and improve corporate legitimacy; thus, according to this theory, effective corporate governance can convey to society that the firm is well managed and that the interests of stakeholders are considered (Michelon and Parbonetti, 2012). In contrast, agency theory predicts that companies protect investors and reduce agency conflicts by using control mechanisms, such as corporate governance structures (Jensen and Meckling, 1976).

From this perspective, CSR is crucial for fulfilling stakeholders' expectations (Khan et al., 2013). Drawing on stakeholder and agency theories, this study examines the association between a CSR committee and social pillar performance, adopting board gender diversity as a moderating variable.

Based on the findings illustrated in the literature review, this paper aims to test whether the presence of a CSR committee, as found in some previous research (Jorge 2020), is positively related to social and environmental performance. This should confirm that ESG issues deserve specialized attention and a dedicated workforce. More specifically, this research investigates whether the presence of a CSR committee can support the SP score.

Hp 1: The presence of a CSR committee positively influences the social pillar score.

In contrast, we observed that some studies had illustrated the positive reaction that CB diversity could have on ESG performance with a moderating effect from the operation of a CSR committee (Martínez-Ferrero et al., 2020), even if there is no evidence of the opposite effect, that is, a positive impact of a CSR committee on ESG performance with a moderating effect from CB diversity. We based our hypothesis on the consideration that CB diversity can offer different points of view and support a more conscious decision-making process.

Hp 2: The level of board gender diversity positively moderates the relationship between the presence of a CSR committee and the social pillar score.

4. Methodology

4.1 Dataset

The sample comprises 457 European listed companies collected from the Refinitiv Thomson-Eikon, a database that several scholars have already applied to analyse CB characteristics in connection with ESG performance (Del Giudice & Rigamonti, 2020; Dorfleitner et al., 2020). The Refinitiv Thomson-Eikon database applies a consolidated methodology that attributes an ESG score to the investigated companies (Refinitiv, 2022). The analysis is organized by determining a complex score, articulated on the sum of the three single pillar scores.

The choice of the European context arises from the "hard low approach" adopted here, i.e., ad hoc regulatory measures have been applied that aim at "imposing" the presence of women on boards. A further peculiarity that concerns Europe (Italy, Norway, Holland, France, Iceland, Belgium, Denmark, Greece, Slovenia, Austria, Spain, and Germany) is the different degree of effectiveness of the rules depending on whether they are companies with listed or publicly controlled shares. In this regard, the European Commission and the European Parliament have started harmonising the different gender equality approaches (Callegari et al. 2021).

Each pillar includes a few ESG themes, with the related data points evaluated as proxies of ESG magnitude per industry group. The themes for the social pillar are workforce, human rights, community, and product responsibility.

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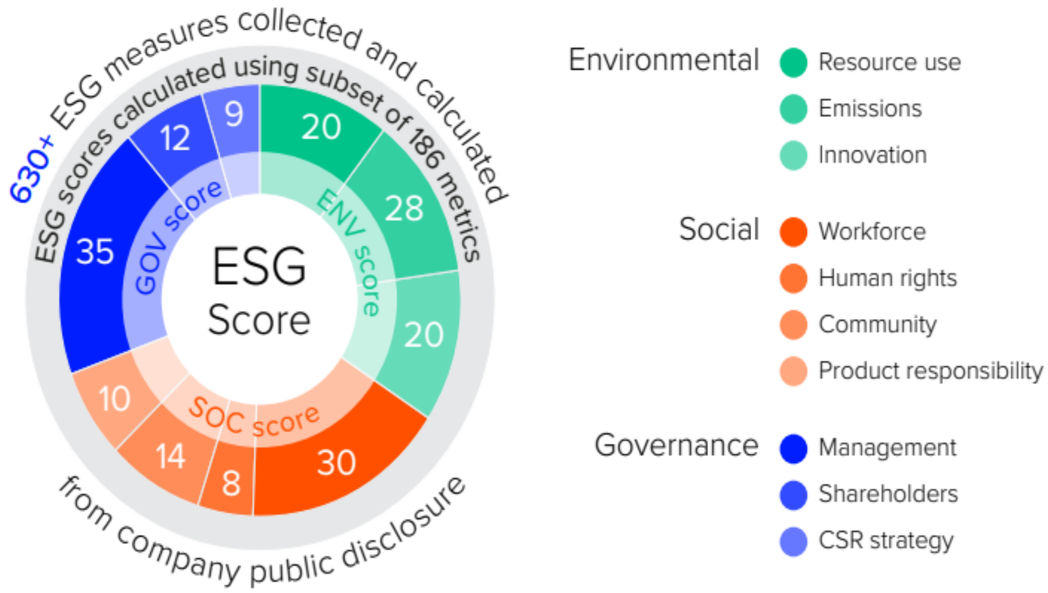
Figure 1: The Refinitiv Thomson-Eikon methodology



Source: Author´s elaboration

The score is measured on 186 metrics (54 in the social pillar). The points are then weighted based on the industry sector in relation to the theme's importance in that specific context.

Table 1: ESG themes in the social pillar category

Pillars	Categories	Themes	Data points	Weight method
Social	Community	Equally important to all industry groups, hence a median weight of five is assigned to all		Equally important to all industry groups
	Human rights	Human rights	TR.PolicyHumanRights	Transparency weights
	Product responsibility	Responsible marketing	TR.PolicyResponsibleMarketing	Transparency weights
		Product quality	TR.ProductQualityMonitoring	Transparency weights
		Data privacy	TR.PolicyDataPrivacy	Transparency weights
	Workforce	Diversity and inclusion	TR.WomenEmployees	Quant industry median
		Career development and training	TR.AvgTrainingHours	Transparency weights
		Working conditions	TR.TradeUnionRep	Quant industry median
		Health and safety	TR.AnalyticLostDays	Transparency weights

Source: Author´s elaboration

The sample in this study comprises companies from the European economic area, as represented in the following table.

European Journal of Social Impact and Circular Economy - ISSN: 2704-9906
DOI: 10.13135/2704-9906/7425 Published by University of Turin http://www.ojs.unito.it/index.php/ejsice/index

Table 2: Country composition of the sample

	N° companies	%
Austria	15	*3,3%*
Belgium	14	*3,1%*
Cyprus	2	*0,4%*
Czech Republic	1	*0,2%*
Denmark	11	*2,4%*
Finland	37	*8,1%*
France	72	*15,8%*
Germany	86	*18,8%*
Greece	2	*0,4%*
Hungary	1	*0,2%*
Ireland	11	*2,4%*
Italy	44	*9,6%*
Luxembourg	3	*0,7%*
Malta	1	*0,2%*
Netherlands	22	*4,8%*
Poland	2	*0,4%*
Portugal	12	*2,6%*
Spain	34	*7,4%*
Sweden	87	*19,0%*
Total	**457**	***100,0%***

Source: Author´s elaboration

The European economic context has already been widely analysed in investigations of the impact of board characteristics on ESG performance (Martínez-Ferrero et al., 2021; Nicolò et al., 2021; Rossi et al., 2021; Gurol and Lagasio, 2022). The European Union has a strongly supportive attitude towards ESG issues, representing—especially since the beginning of the 2000s—a benchmark worldwide (EC, 2001; EU, 2011).

The industry composition is subsequently reproduced. The whole sample needs to consider the banking and financial services sector. We preferred to leave the financial sector out of the investigation, as some countries propose ad hoc legislation for board composition. Accordingly, we focused our attention on nonfinancial companies. Almost half of the companies belong to the "Manufacturing" sector (47%). The other half represented industry segments, such as "Information" (9.6%), "Real estate and rentals and leasing" (7.9%), "Utilities" and "Construction" (5.3%), "Professional, scientific, and technical services" and "Retail trade" (5%); the other sectors are more specialized, and each is below 5% of the sample.

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Table 3: Sector composition of the sample

TRBC Sector Name	Number of companies	%
Accommodation and Food Services	7	*1,5%*
Administrative and Support and Waste Management and Remediation Services	10	*2,2%*
Agriculture, Forestry, Fishing and Hunting	2	*0,4%*
Arts, Entertainment, and Recreation	4	*0,9%*
Construction	24	*5,3%*
Educational Services	1	*0,2%*
Health Care and Social Assistance	4	*0,9%*
Information	44	*9,6%*
Management of Companies and Enterprises	1	*0,2%*
Manufacturing	215	*47,0%*
Mining, Quarrying, and Oil and Gas Extraction	6	*1,3%*
Professional, Scientific, and Technical Services	23	*5,0%*
Real Estate and Rentals and Leasing	36	*7,9%*
Retail Trade	23	*5,0%*
Transportation and Warehousing	21	*4,6%*
Utilities	24	*5,3%*
Wholesale Trade	10	*2,2%*
Other Services (except Public Administration)	2	*0,4%*
Total	**457**	***100,00%***

Source: Author´s elaboration

We tested our hypotheses on 457 companies with a linear regression generated by Stata software. The final number of observations used in the regression analysis is 448, as the software identified the data of 10 companies as incomplete or inapplicable. All data refer to the 2021 period, representing our objective's most recent financial and nonfinancial information. Considering that we have considered a single period, the number of examined companies is equivalent to the number of applied observations.

4.2 Model specification and variables

Our dependent variable is Refinitiv's Social Pillar Score (*SocialScore*). This is a weighted score computed by Refinitiv for each company based on the social information recovered in the four social categories identified: workforce, human rights, community, and product responsibility.

Our dependent variable is the existence of a CSR committee (*CSRComm*). We measured this variable using a dummy equal to 1 when the company has a CSR committee within the board and 0 otherwise.

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Moreover, to test the moderating role of the presence of female directors in the relationship between CSR committees and the social pillar, we inserted an interaction term (*CSRCommxGenDiv*) into our regression. We obtained the interaction term by multiplying the *CSRComm* variable with board gender diversity (*GenDiv*).

We inserted different control variables in the regression to control for endogeneity and reduce possible bias. More specifically, we inserted both other CB and firm-specific characteristics as follows:

- Board size (*BoSize*) measured as the number of board members
- Role Duality (*RoleDual*) computed using a dummy equal to 1 when the CEO is also the chairman of the board and 0 otherwise
- Board Independence (*BoInd*) measured as the percentage of independent directors sitting on the board
- Board Meeting (*BoMeet*) computed as the number of meetings held during the year
- Firm Size (*Size*) computed as the natural logarithm of total assets
- Leverage (*Lev*) measured as the long-term debt divided by total assets
- Profitability (*Profit*) computed using the return on total assets

To test the hypotheses, we developed the following regressions:

$$SocialScore = \alpha + \beta_1 \mathrm{CSRComm} + \beta_2 GenDiv + \beta_3 BoSize + \beta_4 RoleDual + \beta_5 BoInd + \beta_6 BoMeet + \beta_7 Size + \beta_8 Lev + \beta_9 \mathrm{Profit} + \varepsilon \quad (1)$$

$$SocialScore = \alpha + \beta_1 \mathrm{CSRComm} + \beta_2 GenDiv + \beta_3 CSRCommxGenDiv + \beta_4 BoSize + \beta_5 RoleDual + \beta_6 BoInd + \beta_7 BoMeet + \beta_8 Size + \beta_9 Lev + \beta_{10} \mathrm{Profit} + \varepsilon \quad (2)$$

5. Results

5.1 Descriptive analysis

The following table reports the descriptive statistics of all the variables.

Table 4: Descriptive analysis

Variable	Obs	Mean	Std. Dev.	Min	Max
SocialScore	457	73.55954	15.43326	23.00668	98.22132
CSRComm	457	.9037199	.2952982	0	1
GenDiv	457	34.96473	11.7173	0	69.23077
BoSize	457	10.91466	4.112367	2	28
RoleDual	457	.2691466	.4440023	0	1
BoInd	457	59.19293	24.84083	0	100
BoMeet	449	11.00445	5.827887	3	56
Size	457	22.44632	1.60134	18.00879	26.99351
Lev	456	.2284475	.1356608	0	.9066298
Profit	457	.0510317	.0657023	-.2163655	.433664

Source: Author´s elaboration

The average Social Score recorded by sampled companies in 2021 is 73.55, revealing discreet attention to social issues. The minimum value is 23, and the maximum is 98.22.

A CSR committee is present in 90% of the sampled companies. The average percentage of women on the board is 34.96. Considering that the average board size is 10, previous data reveal that approximately 3 or 4 directors are women on average. A total of 26.91 companies have a CEO who is also the board's chairman. The average percentage of independent directors sitting on the board is higher than that of women and is almost equal to 60%. Finally, board members meet approximately once a month. Before performing the regression analysis, the next table shows the correlation between all the variables.

European Journal of Social Impact and Circular Economy - ISSN: 2704-9906
DOI: 10.13135/2704-9906/7425 Published by University of Turin http://www.ojs.unito.it/index.php/ejsice/index

Table 5: Correlation matrix

	SocialScore	BoSize	RoleDual	CSRComm	BoInd	BoMeet	GenDiv
SocialScore	1.0000						
BoSize	0.3459*	1.0000					
RoleDual	0.1520*	0.1411*	1.0000				
CSRComm	0.3378*	0.1919*	0.0643	1.0000			
BoInd	0.0687	-0.2542*	-0.1391*	0.0613	1.0000		
BoMeet	-0.1096*	-0.1874*	-0.0856	0.0067	0.1461*	1.0000	
GenDiv	0.1383*	0.0946*	0.1551*	0.1469*	0.0520	-0.0354	1.0000
Size	0.4985*	0.5429*	0.1416*	0.2412*	0.0695	-0.0657	0.1195*
Profit	0.0053	-0.1210*	0.0507	0.0403	0.0416	-0.1039*	0.0060
Lev	0.0080	0.0252	-0.0300	0.0543	0.0513	0.1395*	0.0119

	Size	Profit	Lev
Size	1.0000		
Profit	-0.0520	1.0000	
Lev	0.1267*	-0.2733*	1.0000

Note: *** p < 0.01, ** p < 0.05, * p < 0.1

Source: Author´s elaboration

Both *CSRComm* and *GenDiv* are positively correlated with *SocialScore*. Moreover, *BoSize*, *RoleDual* and *Size* are also positively correlated with *SocialScore*. *BoMeet*, instead, presents a negative correlation with *SocialScore.*

5.2 Regression results

The subsequent table shows the results of the regression analyses performed using Stata software.

Table 6: Regression Results (Dependent variable SocialScore)

Variables	Model 1	Model 2
CSRComm	11.5791***	3.804429
	(2.167769)	(5.307205)
GenDiv	.0372033	-.1894688
	(.0534431)	(.151023)
CSRComm*GenDiv		.2582784*
		(.1609875)
BoSize	.3392589*	.3601894*
	(.1924118)	(.1925096)
RoleDual	2.606915*	2.670899*
	(1.420351)	(1.418367)
BoInd	.0449805*	.0477557*
	(.02663)	(.0266385)
BoMeet	-.1623585	-.1637325
	(.1117212)	(.1115243)

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Size	3.659373*** (.4813271)	3.571471*** (.4835786)
Profit	-1.238915 (9.849703)	-1.277033 (9.832082)
Lev	-5.642679 (4.753141)	-5.475304 (4.745771)
Constant	-24.3959*** (9.487964)	-16.19662 (10.76189)
Observations	448	448
Adjusted R-Squared	0.3046***	0.3071***

Source: Author´s elaboration

Model 1 reports the results of the regression testing Hypothesis H_1 to understand the direct influence of *CSRComm* on *SocialScore*. It shows a positive and statistically significant association between the presence of a CSR committee and social pillar score ($\beta = 11.5791$, $p < 0.01$), meaning that the decision of the company to create a CSR committee within the board brings greater attention to the social aspects of sustainability. Concerning gender diversity, Model 1 shows no significant relationship between the presence of women sitting on the board and the social pillar score. Regarding the control variables, Model 1 also shows that board size, role duality, board independence and firm size positively and significantly influence the social pillar score.

Model 2 shows the findings of the regression developed to test Hypothesis H_2, that is, the moderating effect of *GenDiv* on the relationship between *CSRComm* and *SocialScore*. The coefficient of the interaction term *CSRComm***GenDiv* is positive and statistically significant (β =.2582784, $p < 0.1$), meaning that the presence of women sitting on the board positively moderates the relationship between the CSR committee and the social pillar score. In other words, companies with a greater number of female directors present a stronger positive relationship between the existence of a CSR committee and the social pillar score.

6. Discussion and conclusions

This paper focuses its attention on the impact that the presence of CSR committees can have and the moderating role of board gender diversity in pursuing social objectives. The disaggregation of the effect that these variables can have on social performance has allowed us to consider a specific aspect of the ESG approach that is critical for companies' financial and nonfinancial health: a shared vision and modus operandi that can determine a positive relationship with stakeholders and create a common strategic and operational perspective.

This motivation for this research derives from a gap in the research on the relationship between social performance and the related determinants that can be found in company governance.

In this context, the research concludes that the presence of a CSR committee contributes to greater efficacy in pursuing social matters. This supports the idea that ESG issues require a specialized structure to assist the board of directors with social issues. This conclusion appears consistent with a body of literature examining CSR and ESG more generally (Baraibar-Diez e Odriozola, 2019). Structured governance can improve the ESG approach of companies by enabling better control of delicate themes such as those included in the SP. It can consequently contribute to creating value in the medium and long term.

The research also stresses that the presence of board diversity supports SP performance. This work suggests that companies with a more diversified Board conduct aboard have better social performance. These results are also consistent with the previous literature (Alijifri K & Moustafa M., 2007) that has demonstrated how gender diversity enhances the tendency of corporate culture to integrate sustainability values (Jizi et al., 2022). It has been confirmed that the diversity of perspectives and sensitivity a company uses in decision-making is significant for stakeholders' engagement.

Moderation analysis shows that CSR committees and boards are not replacements for one another, as both benefit the corporate pursuit of social themes (Uyar et al., 2021).

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DOI: 10.13135/2704-9906/7425 Published by University of Turin http://www.ojs.unito.it/index.php/ejsice/index

This work confirms the adoption of agency theory and stakeholder theory. Companies that apply control mechanisms that can protect people directly or indirectly involved in company management reduce agency conflicts and enhance stakeholder relations.

There are many implications arising from this research. From a professional and practical point of view, companies should pay close attention to creating and managing CSR committees, especially if we consider that they are mostly voluntary bodies. These results reflect the importance of promoting these instruments to enhance company attitudes towards sustainability.

From an institutional perspective, regulators could consider amending their legislation, addressing the contribution provided by studies that demonstrate good practices and fair corporate behaviours. CSR committees can provide greater assurance to stakeholders, especially in those contexts where there is a need to provide greater certainty about the company's ethical behaviour. At the same time, technical bodies have some additional data on which to base their codes and requirements.

There are some limitations in this study. We considered only the European context. The enlargement of the sample could demonstrate if these results apply to other regional zones or are typical of only the European environment.

We also considered the composition of CSR committees and boards without investigating the skills of the component members. It seems that this variable can be crucial in analysing the collected data. It could highlight if the people involved are equally and highly qualified or if creating these conditions can always lead to better social performance.

Last, it must be stressed that the Thomson Reuters ESG data, even if largely applied in these studies, reflect only the firm's actual social improvements and not the company efforts produced to obtain social objectives. It could be interesting to reproduce this research by adopting other databases addressing ESG efforts, such as Bloomberg's ESG database, to test if the results are confirmed.

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