

University of Groningen

## Corporate governance and corporate social responsibility

Chen, Shili

DOI:  
[10.33612/diss.135926510](https://doi.org/10.33612/diss.135926510)

**IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.**

*Document Version*  
Publisher's PDF, also known as Version of record

*Publication date:*  
2020

[Link to publication in University of Groningen/UMCG research database](#)

*Citation for published version (APA):*

Chen, S. (2020). *Corporate governance and corporate social responsibility*. [Thesis fully internal (DIV), University of Groningen]. University of Groningen, SOM research school.  
<https://doi.org/10.33612/diss.135926510>

### Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

### Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

# **Corporate Governance and Corporate Social Responsibility**

**Shili Chen**

Publisher: University of Groningen, Groningen, The Netherlands

Printed by: Ipskamp Drukkers  
P.O. Box 333  
7500 AH Enschede  
The Netherlands

ISBN: 978-94-034-2561-0 (book)

ISBN: 978-94-034-2560-3 (e-book)

© 2020 Shili Chen

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system of any nature, or transmitted in any form or by any means, electronic, mechanical, now known or hereafter invented, including photocopying or recording, without prior written permission of the publisher.



university of  
 groningen

# **Corporate Governance and Corporate Social Responsibility**

**PhD thesis**

to obtain the degree of PhD at the  
University of Groningen  
on the authority of the  
Rector Magnificus Prof. C. Wijmenga  
and in accordance with  
the decision by the College of Deans.

This thesis will be defended in public on

Thursday 29 October 2020 at 11.00 hours

by

**Shili Chen**

born on 8 November 1988  
in Fujian, China

## **Supervisors**

Prof. C.L.M. Hermes

Prof. R.B.H. Hooghiemstra

## **Assessment Committee**

Prof. A.R. Muller

Prof. P.G.J. Roosenboom

Prof. A. Melis

*Dedicated to my beloved parents*

谨以此书献给我挚爱的父母

## Acknowledgements

The past five years in Groningen has been an incredible journey in my life. With endless love and support from my supervisors, colleagues, friends, and family, I have completed the PhD dissertation and, more importantly, become a better version of myself. I would like to express my sincere gratitude to those who have helped me during this journey.

First and foremost, I would like to thank my supervisors Prof. Niels Hermes and Prof. Reggy Hooghiemstra. Niels and Reggy, thank you for taking me on, for continuously stretching my thinking, for believing in my ability, and for always encouraging and supporting me. Every talk with you has brought fresh energy to me and to our projects. You also have shaped my attitudes towards research, that is being positive, honest, and resilient. You are like fathers to me, helping me grow up as an independent and confident researcher. I feel so honored and lucky to have you guiding my PhD.

I thank the reading committee, Prof. Alan Muller from University of Groningen, Prof. Peter Roosenboom from Erasmus University Rotterdam, and Prof. Andrea Melis from University of Cagliari, for reading and evaluating my dissertation. Thank you for your kind words and comments, which will help me further develop the studies included in this dissertation.

I am thankful to the entire SOM staff, especially Ellen Nienhuis, Arthur de Boer, Rina Koning, Hanneke Tamling, Justin Drupsteen, Jasper Veldman, and Kristian Peters, for their helpful assistance with all sorts of administrative issues. Special thanks to Ellen, whose kindness and smile have always made my visit to SOM a pleasant experience.

My everyday life as a PhD student would have been much less rewarding without the lovely people I worked with at the Accounting Department of the University of Groningen. Irene, my officemate and friend, thank you for trusting me, for sharing my happiness and

sorrows, and for the unconditional support you gave to me. I enjoyed our chats, especially those about the culture difference between China and the Netherlands. Because of you I have become more confident and straightforward like a Dutch woman. Shiv, thank you for participating in one of my projects as a co-author. I have learned a lot from our intensive discussion in 2017 and I look forward to a continued fruitful cooperation with you. Sandra, I can't express how grateful I am to be able to experience such an amazing trip with you to Schiermonnikoog before leaving Groningen. Thank you for giving me this beautiful memory and thank you for being my friend. Simona, we have known each other for only a short time but I feel like we are old friends. Your presence next door has made my office "warmer". Dennis, your passion for research have inspired me to stay motivated for the academic life. Thank you for being the discussant of my paper at SOM PhD conference and for always giving constructive comments, thank you for encouraging me at the TMT conference when I raised stupid questions to the presenter. Irene, the smiling angel of our department, talking to you lights up my day because it is like talking to the happiest individual in the world. Thank you for sharing papers with me when I first joined the department, which made me feel welcomed in the new place. Jessica, you are such an elegant woman, thank you for always being there to help. Paula, Pieter, Bram, Shuo, Vlad, Nicolas, Sakshi, Derk-Jan, Stan, Jasmine, Kristina, Nazim, Ben, Martijn, Carel, Joanna, Henk, Teye, Andrea, Rony, Abdal, and Adnan, thank you all for creating such a wonderful group, I enjoyed every moment with you. I would also like to thank Wim and Bert from the Department of Economics, Econometrics, and Finance. Wim, thank you for your kindness and for being my first friend on the eighth floor of the Duisenberg Building. Bert, thank you for your love for Whisky and for trusting me with Loki.

I have been so blessed to meet many new friends in Groningen, with whom I have shared many a pint both in empathy and in celebration. Juanjuan, you are also the best gift I



have got in the Netherlands. I cannot help liking you because of your optimism, kindness, and wisdom. Times with you have always been filled with joy and, sure, we will be lifelong friends. Suqing, my close friend, you are such a beautiful presence in the world. I really miss the days we played badminton together and I wish you all the happiness and love for life. Yan, you let me know how a brave heart can be and how a brilliant brain can work, your labooca dancing amazed me, and your openness fascinated me. I wish you to know that you deserve the best. I am truly happy for you and Frank to start a new life together in Amsterdam. Jing, how lucky I am to know a unique woman like you, who inspired me to be honest to myself. I look forward to more interesting talks with you. Jiapeng and Fangjie, magic brought us together. Olio will always be Whisky's big brother. Beatrijs, I will not forget our many walks with Danu and Whisky in Park Selwerd and at Zernike. Thank you for being so nice to us. I would also like to express my heartfelt thanks to Ye Liu, Huan Liu, Jiasi Fan, Shuo Wang, Yijing Luan, Lipeng Ge, Xun Tong, Bingquan Zhang, Jingyao Li, Qiubin Huang, Jannie Wong, Chengyong Xiao, Li Jiang, Zhuoyun Kan, Steven Chong, Yingjie Yuan, Linyang Li, Yang Jiang, Kailan Tian, Aobo Jiang, Binqian Yan, Yan Yan, Jingjing Zhang, Huatang Cao, Qingkai Yang, Mengmeng, Ruling Zhang, Yizhou Wang, and Wanda. Thank you for appearing in my life and for creating those enjoyable memories for my stay abroad.

Last and most importantly, I owe my deepest thanks to my family. 亲爱的爸爸妈妈, 谢谢你们不遗余力地支持我, 鼓励我, 爱我。亲爱的弟弟, 谢谢你陪伴我长大, 谢谢你陪在爸妈身边让我可以尽情地去飞翔。亲爱的彤彤, 我的宝贝侄女, 你给我们全家带来了无尽的喜悦。Whisky, my dog and lovely son, thank you for helping me become a brave and responsible woman and for bringing countless joy to my life. Binqi, my darling, you are the reason why I wake up with a smile on my face every morning. Thank you for being so sweet to me and for being my rock, my world, and my life. I love you very much!

# Table of Contents

<b>Chapter 1. Introduction</b> .....	<b>1</b>
1.1 Moving Towards a Stakeholder Model of Corporate Governance.....	1
1.2 Corporate Governance and CSR.....	3
1.3 Research Gaps .....	6
1.4 An Overview of the Dissertation.....	8
1.4.1 A Summary of Chapter 2: Corporate Social Responsibility and NGO Directors on Boards .....	9
1.4.2 A Summary of Chapter 3: Institutional Investor Influence on Executive-to-Worker Pay Dispersion after the Financial Crisis .....	10
1.4.3 A Summary of Chapter 4: Board Gender Diversity Policies and Women on Boards around the World.....	12
1.4.4 A Summary of Chapter 5: Conclusion .....	14
<b>Chapter 2. Corporate Social Responsibility and NGO Directors on Corporate Boards</b> <b>15</b>	
2.1 Introduction .....	15
2.2 Theory and Hypotheses .....	18
2.2.1 Resource Dependence Theory, CSR, and the Board of Directors.....	18
2.2.2 The Benefits of NGO Directors on Boards .....	19
2.2.3 Which Firms are More Likely to Have NGO Directors? .....	20
2.2.4 Do NGO Directors Increase CSR Performance?.....	21
2.3 Methods .....	23
2.3.1 Sample and Data.....	23
2.3.2 Measures.....	24
2.3.3 Estimation Methods.....	26
2.4 Results .....	27
2.4.1 Descriptive Statistics .....	27
2.4.2 Regression Results .....	27
2.5 Discussion.....	32
<b>Chapter 3. Institutional Investor Influence on Executive-to-Worker Pay Dispersion after the Financial Crisis: A Replication and Extension of Connelly, Haynes, Tihanyi, Gamache, and Devers</b> .....	<b>34</b>
3.1 Introduction .....	34
3.2 CHTGD Summary.....	38
3.2.1 Executive-to-Worker Pay Dispersion and Firm Performance: A Temporal Perspective ..	38
3.2.2 Institutional Investor Time Horizons and Executive-to-Worker Pay Dispersion.....	40

3.3	Reexamining CHTGD .....	41
3.4	Methods .....	43
3.4.1	Sample and Data Sources .....	43
3.4.2	Measures.....	44
3.5	Results .....	46
3.5.1	Main Results.....	46
3.5.2	Robustness Check Using a Regression Model with Interaction Terms.....	51
3.5.3	Robustness Check on the Role of Position in the Industry .....	53
3.6	Discussion.....	53
3.6.1	Theoretical Implications.....	56
3.6.2	Practical Implications .....	57
3.6.3	Limitations, Future Research, and Conclusion.....	58
 <b>Chapter 4. Board Gender Diversity Policies and Women on Boards Around the World: An Institution-Based View .....</b>		<b>60</b>
4.1	Introduction .....	60
4.2	Theory and Hypotheses .....	65
4.2.1	BGDPs and Women on Boards .....	65
4.2.2	The Moderating Effect of Country-Level Institutions.....	66
4.3	Sample, Data, and Methods.....	71
4.3.1	Sample and Data Collection .....	71
4.3.2	Dependent Variable.....	72
4.3.3	Independent Variables.....	72
4.3.4	Control Variables .....	73
4.3.5	Estimation Approach.....	74
4.4	Results .....	76
4.4.1	Descriptive Statistics .....	76
4.4.2	Main Results.....	76
4.4.3	Robustness Checks .....	83
4.5	Discussion, Limitation, and Future Research.....	87
 <b>Chapter 5. Conclusion.....</b>		<b>93</b>
5.1	Summary of the Main Findings .....	93
5.2	Theoretical Implications .....	95
5.3	Practical Implications .....	97
5.4	Limitations and Directions for Future Research.....	99
5.4.1	Look Beyond Board Demographic Characteristics .....	99
5.4.2	Meso-Level Institutions.....	100

5.5	Concluding Remarks .....	101
	<b>References .....</b>	<b>103</b>
	<b>Nederlandse Samenvatting (Dutch Summary) .....</b>	<b>119</b>

## List of Tables

### Chapter 2

Table 2. 1	Descriptive statistics.....	28
Table 2. 2	Population-averaged logistic regression results for the presence of NGO directors on boards .....	29
Table 2. 3	Population-averaged regression results for CSR.....	30

### Chapter 3

Table 3. 1	Summary statistics for CHTGD's sample and our samples .....	47
Table 3. 2	Fixed effects panel regression of executive-to-worker pay dispersion over institutional ownership .....	49
Table 3. 3	Robustness check: The moderating role of Post-CHTGD .....	52
Table 3. 4	Robustness check: The moderating role of position in the industry .....	54
Appendix 3. 1	Details on our measures.....	59

### Chapter 4

Table 4. 1	Summary of WOB and BGDG by country .....	77
Table 4. 2	Descriptive statistics and correlations .....	78
Table 4. 3	Regression results of the effect of BGDG on WOB .....	81
Table 4. 4	2SLS regression results of the effect of BGDG on WOB .....	85
Table 4. 5	Comparison between firms with and without BGDG before and after propensity score matching.....	86
Appendix 4. 1	Quotas and corporate governance codes .....	91
Appendix 4. 2	Details on our measures.....	92

## List of Figures

### Chapter 1

Figure 1. 1 Corporate governance mechanisms .....	1
Figure 1. 2 Corporate governance and corporate social responsibility .....	14

### Chapter 3

Figure 3. 1 Average executive-to-worker pay dispersion of our sample firms.....	48
Figure 3. 2 Average percentage of transient/dedicated/quasi-indexer ownership of our sample firms .....	48
Figure 3. 3 Average ROA, complexity, dynamism, and munificence of our sample firms...	48

### Chapter 4

Figure 4. 1 Percentage of firms with board gender diversity policies (BGDPs) in 2013 in our sample countries .....	61
Figure 4. 2 Percentage of women on boards (WOB) in 2014 in our sample countries.....	61
Figure 4. 3 Percentage of WOB and firms with BGDPs over time .....	77
Figure 4. 4 The moderating effect of corporate governance codes (CGC) on the BGDP-WOB relationship .....	82
Figure 4. 5 The moderating effect of the gender role bias (GRB) on the BGDP-WOB relationship .....	82
Figure 4. 6 The moderating effect of the supply of female directors (SUPPLY) on the BGDP-WOB relationship.....	82