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Relationship between Board Characteristics, ESG and Corporate Performance: A Systematic Review

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Abstract

In recent years researchers have been paying significant attention to Environmental, Social, Governance (ESG) principles as a crucial factor in company performance. This paper aims to summarize the trends and findings in academic literature devoted to the board of directors as a determinant of ESG performance and non-financial disclosure quality. This paper also summarizes the key findings for a board's moderating effects on the impact of ESG on corporate financial performance. The results of qualitative analysis of more than 70 empirical papers demonstrate that board independence is the most widely considered parameter, interpreted as a positive factor for strengthening a board's monitoring function according to agency theory. There is no consensus on board size: larger boards include directors who represent the interests of a wider range of stakeholders (stakeholder theory), however, the increase in board size leads to a complication of decision-making and controlling processes. Researchers mostly agree that an augmentation of women' and foreigners' representation among directors positively affects ESG performance and disclosure quality, although the lack of critical mass may dilute this effect. As for CEO's role in the board, while some researchers argue that CEO duality enhances agency conflict, deterring corporate transition to ESG, other authors claim that a CEO's organizational power may enhance the ESG transition due to a faster implementation of board decisions. One of the crucial determinants for this effect is the board members' diversified professional expertise, including specialized education and experience, for the effective monitoring of managers' performance. Finally, there is a growing interest in the role of board sustainability committees, which accumulate the required professional expertise for developing environmental and social strategies (resource-based theory). By examining the key board characteristics' effect on corporate ESG performance and disclosure quality, this paper contributes to corporate governance literature, expanding the field for further research. Moreover, the paper highlights several understudied issues for further research.

Keywords: corporate governance, board of directors, agency theory, resource-based theory, stakeholder theory, critical mass theory, ESG

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In recent years the study of implementation of ESG (Environmental, Social, Governance) practices in the board of directors' agenda has become very common in academic and business circles [1]. Researchers attribute it to the growing concern with the negative anthropogenic impact on the environment and climate change [2], increasing consumer and employee awareness of environmental and social responsibility issues [3], rising regulatory pressure on companies in terms of all three elements of ESG practices [4]. This attracts more attention to corporate ESG practices and reports of the main interested stakeholder parties that include consumers, employees, suppliers, investors, communities and government authorities in the regions of operation. As a result, an increase of ESG's importance for the formation of market value and companies' investment attractiveness is observed [5]. Consequently, in the years to come, models that forecast company value with regard to ESG factors need to be and are already being created by researchers [6].

An essential component of such evaluation models should be the quality of corporate governance (G factor). This paper is a systematic review of the most relevant studies dedicated to the influence of the board of directors' characteristics on the efficiency of implementation of ESG principles and practices in the corporate sector that aims to reveal the principal trends, systemize the key results and define the lines of further research. This subject of research has been chosen because the board of directors determines the corporate development strategy [7] and is meant to control the management's actions aimed at the implementation of this strategy, including prevention (mitigation) of agency conflict [8–10]. Besides, in the existing papers researchers are mainly focused on the individual characteristics of the boards of directors and consider them together on rare occasions.

This research has been carried out aiming to define the key trends in academic literature, which studies the influence of the board of directors' characteristics on performance and ESG disclosure indicators. The paper systemizes and presents the results of over 70 empirical studies published in the last five years and conducted based on an analysis of samples comprising companies from developed and emerging markets: a total of over 247,000 observations from 1990 to 2019. The review also interprets the conclusions of empirical papers based on corporate governance theories: agency theory, stakeholder theory, resource-based theory, critical mass theory. We also reveal the topics that are of interest for further research. So, the review is of value from both a theoretical and an applied viewpoint. We expect that this paper will enhance the knowledge of corporate governance, which is of special relevance a rapid adaptation to new conditions and challenges is required, and will define the lines of further research.

Methodology of Review Preparation

In the last few years, the issue of influence of the board of directors' characteristics on implementation and efficiency of ESG practices has been considered thoroughly in academic literature. For the purpose of this research, we sought and selected papers using the Scopus citation database and followed the steps described below:

- search for the papers published from 2017 to 2022 with the following words and word combinations in their titles, abstracts and keyword lists: Board of Directors, Corporate Governance, ESG, ESG Performance, ESG Disclosure, Corporate Social Performance, Corporate Social Responsibility;
- filtering of papers published in academic journals in 2017–2022;
- using filters according to relevance of the knowledge area to which the paper pertains and adding the following knowledge areas according to the Scopus classification: Business, Management and Accounting; Economics, Econometrics and Finance; Social Sciences;
- choosing papers with five or more citations.

The interim sample consisted of over 420 papers in Scopus journals. We subsequently selected the papers from the interim sample in the following way:

- qualitative analysis of papers' abstracts;
- consideration of journal quality: first and second quartile papers.

Thus, 60 empirical papers were selected. They consider the influence of one or several parameters of the board of directors on ESG indicators, efficiency in corporate social responsibility (CSR) and environment protection, as well as quality of ESG/sustainable development/CSR reports. The sample also comprises 11 papers on impact of the board of directors on a company's financial and innovative efficiency against the ESG background. The final sample consisted of 71 papers; see the division of the papers by their topic and studied markets in Table 1.

Table 1. Division of papers by their topic and samples

Country	ESG performance	Quality of ESG disclosure	Corporate performance with regard to ESG	Overall quality of disclosure	Total number of observations
International samples					
Companies from power generation, oil and gas, logistics, agricultural-industrial and other industries	9	2	2	1	103,895
Developed countries					
USA	6	1	3	1	68,836
Italy	3		1	1	1,973
Great Britain	3	1	1	2	16,414
Spain		3	1	1	3,485
European Union (companies from several EU countries)	2		1	1	7,308
France	2				1,754
Republic of Korea	1				1,450
Australia		1			345
Emerging countries					
India	1	1	1		21,076
Persian Gulf countries	1				504
Malaysia	2	2			2,464
Iraque				1	168
Pakistan		1	1		3,450
Latin America (Brazil, Mexico, Chile, Argentina, Colombia)	2				1,406
China	1	1			11,444
Turkey				1	615
Thailand		1			600
Bangladesh		1			1,005

ESG performance is evaluated using the following:

- special ratings, including Bloomberg ESG Disclosure Score, Sustainalytics, MSCI, Thomson Reuters Eikon (ASSET4, Thomson Reuters ESG Score), Dow Jones Sustainability Index;
- indicators of CO_2 emissions and implementation of ecological innovations;
- CSR indices compiled by paper authors.

Quality of ESG reports is defined using the following:

- analysis of reports on compliance with GRI standards;
- analysis of integrated reports on meeting IIRC standards;
- other indices defining reports' quality compiled by paper authors;
- third-party certification of reports by the Big Four companies.

A company's performance indicators with regard to ESG factors in the considered papers include the following:

- financial indicators and market value indicators, including ROA, Tobin's Q, changes and stock price volatility, etc.;
- a company's level of financial risks;
- return on investment in R&D.

We singled out the papers that consider the influence of the board of directors and its committees on the quality of financial and non-financial reports (except for ESG ones) in general, including:

- third-party certification of reports by the Big Four companies;
- fact of report revocation;
- disclosure of non-financial reports in accordance with international standards (i.e., related to intellectual capital).

As long as the authors of published papers assess the influence of the board of directors on ESG from the point of view of various parameters, we will present these papers grouped together on the basis of the parameters considered most frequently:

- size and independence of the board of directors;
- diversity of the board of directors, including representation of women and foreigners on the board;
- expertise (including education and experience) of the board's members;
- tenure of the board's members;
- CEO role in the board of directors;
- board of directors' committees: characteristics of the sustainable development committee are provided in the review individually as those of a special-purpose committee.

Quantitative analysis of the influence determined from the papers (positive or negative) on dependent variables is performed for each characteristic feature, including:

- ESG ratings;
- other indicators of ESG performance;
- indicators of ESG report quality;
- performance indicators against the ESG background;
- indicators of report quality in general.

Parameters of the Board of Directors and ESG

Board Size and Independence

The majority of studies include the parametres of board size and independence models. Generally, a large number of independent directors is considered as a positive factor for the implementation of ESG practices [11]. Using over 800 USA companies as an example, authors [12] demonstrate the positive influence of an increase in the share of independent directors on corporate social performance explaining it by enhancement of the monitoring function of the board of directors. Similar results were obtained in [13], which studied a sample of 54 Italian public companies over the period of 2011–2014. After conducting an analysis of an international sample of 540 companies from Forbes Global 2000, which represent various non-financial industries, the authors of [14] confirm the positive role of independent directors because they provide an opportunity to obtain a more impartial assessment of the management's activity. The authors of these papers consider the influence of independent directors from the viewpoint of strengthening the monitoring of management's activity, or, otherwise speaking, from the viewpoint of the *agency conflict theory* and the ability of independent directors to mitigate it or reduce agency costs [8; 9]. Besides, a positive influence of independent directors on the implementation of ESG practices and disclosure is explained from the perspective of *stakeholder theory* and greater confidence of external stakeholders in such directors [15; 16]. Independent directors strive to improve their professional reputation [9; 17] and they are to a greater extent committed to a long-term performance of companies achieved through ESG, among other things [18]. Finally, independent directors have more opportunities to prevent managers' manipulations with sustainable development reports [19].

There are other points of view concerning the underlying reasons for the positive influence of board independence the efficiency of ESG practice implementation. After studying the sample of 688 Persian Gulf countries, the authors of [20] found a confirmation of the positive influence of independence of the board of directors on ESG disclosure explaining this effect by the expertise of external directors. These conclusions are consistent with the results of other papers, where the composition of the board of directors is examined from the viewpoint of the *resource-based theory,* and where independent directors are perceived as an external source of knowledge, experience and relations [7]. Some authors also emphasize the value of a "fresh perspective" of independent directors for the company and its strategy [21; 22].

It is important to note that some papers impugn the exceptionally positive role played by independent directors in the efficiency of implementation of ESG practices. Thus, after studying a sample of 38 companies from Malaysia, the authors of [23] indicate the absence of a statistically significant influence of the share of independent directors on the ESG rating by Thomson Reuters Eikon. Paper [24] also reveals that the influence of the share of independent directors on the level of corporate social responsibility (CSR) and value generation in companies that use CSR practices is insignificant. This may stem from the fact that some independent directors may lack the necessary "specific" knowledge and experience to monitor management's actions.

As for the impact of the board size on the efficiency of implementation of ESG practices, researchers' opinions differ to a much greater extent for all that this parameter is added to the majority of models. On the one hand, the expansion of a board of directors allows to improve its monitoring opportunities [19; 25], attract more directors with different education and experience [26; 27], represent the opinions of a greater number of stakeholders [28]. All these factors enhance corporate sustainability and responsibility. On the other hand, having too many directors complicates the decision-making process [29] and communication inside the board of directors, as we mentioned above. Consequently, some researchers consider the possibility of non-linear influence of the size of the board of directors on corporate performance [30], assuming that up to a certain point the expansion of the board improves the quality of adopted decisions and control of their implementation. Meanwhile, after the "breakpoint" is achieved, this expansion, on the contrary, complicates corporate governance, impeding quick decision-making and implementation of innovations.

Conclusions of empirical papers in regard to the effects of increase in the size and independence of the board of directors in the banking sector are summarized in Table 2.

Table 2. Empirical results: size and independence of the board of directors

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
	Board Size		Board Independence	
Bloomberg ESG Disclosure Score	5	1	9	
DJSI Index			1	
MSCI ESG Rating			2	
Sustainalytics				1
Thomson Reuters ESG Score	1	4	6	1
Thomson Reuters ASSET4			1	
Other indicators of ESG performance	2	1	4	1
Quality of ESG disclosure	7	2	8	3
Corporate performance with regard to ESG	5	2	5	3
Overall quality of disclosure	3	2	2	2

Thus, although the majority of researchers indicate a positive influence of the independence of the board of directors on implementation of ESG practices, it is not clear whether this factor is always positive. It appears necessary to consider the possibility of non-linear influence of both size and independence level of the board of directors on ESG practices.

Board Diversity

The next part of the research is dedicated to the influence of diversity of the board of directors on its ability to efficiently implement ESG practices in corporate strategy. Papers related to the diversity of expertise (special knowledge, skills, experience) are described in a separate section. In this section we will examine the studies focused on the role of female directors in the efficiency and disclosure of ESG, as well as the impact of female directors on ESG performance and disclosure, as well as the role of national diversity of the board of directors.

The majority of researchers think that women's presence on boards of directors is a positive factor of implementation of corporate environmental and social responsibility practices [24; 31; 32]. Paper [33] analyzes a sample of Chinese industrial companies, which demonstrated a positive influence of admitting women to boards of directors on corporate environmental and social responsibility indicators; moreover, this effect is stronger in the sectors that are subject to greater environmental impact risks (metallurgy, mineral extraction, power generation etc.). The results are confirmed by paper [34], which used a sample of 1,390 companies from 21 European Union countries. Relying on *stakeholder* and *resource-based* theories, research authors assert that female directors tend to act as a catalyst in achieving an effective balance between corporate financial objectives and social responsibility, confirming the conclusions of a number of previous studies [20; 35; 36]. Some researchers show that the presence of female directors can enhance the positive effect of other board of directors' ESG-related characteristics. For instance, paper [37] demonstrates that an increase in the share of female directors enhances the positive effect of external relations that company directors have on ESG indicators. Besides, some papers associate women's membership in boards of directors with a decrease of financial risks due to the improvement of ESG practice efficiency [38].

On the other hand, there are studies in academic literature, whose results indicate that the influence of female directors on ESG may be insignificant or negative. For example, paper [13] is one of such studies. The research authors revealed a significant negative effect of the share of women on the board of directors on the ESG disclosure indicator as per the Bloomberg ESG Disclosure Score. They believe that this is due to the fact that the expertise of directors is more important for ESG disclosure than "demographic" characteristics. Also, the researchers who have described the insignificant influence of the share of women on boards of directors on ESG efficiency and disclosure explain it from the viewpoint of the *critical mass theory*, which asserts that the nature of group interactions depends on the group size. This theory implies that when a minority group achieves a certain threshold, the so-called critical mass, qualitative changes in interactions within the group begin to take place [39]. Research [40] offers an interpretation from the perspective of this theory, which studies ESG disclosure in 35 Italian companies from FTSE-MIB index, according to which significant positive changes in ESG reports are characteristic of the companies with three or more women on the board of directors. Notably, the authors revealed a positive influence of female directors on CSR indicators (Social) and corporate governance (Government), with an insignificant influence on environmental indicators (Environmental). In general, these conclusions are consistent with the ones of some other papers [41; 42].

In studies of a range of emerging countries, the believe that the negative effect of influence of the share of women on the board of directors is due to the special features of cultural and public life. In research [43] of Indian companies, the authors emphasize a small representation and role of women in social relations in this country, which entails a negative influence of female directors on ESG disclosure. Similar results were obtained, for example, for companies from Pakistan [44]. Results of [28] are also of interest. They concern 176 companies from Brazil, Mexico, Columbia and Chile: the authors note the insignificance of female directors' influence on ESG in these countries in comparison to men, and attribute it to the cultural pattern of Latin America, where men are more prone to share collectivism and social responsibility values than in North America and Western Europe. A study [45] of boards of directors in BRIC countries (Brazil, Russia, India, China) and their effect on the relationship between CSR and corporate financial performance also emphasizes the importance of the cultural pattern. The research indicates that under the conditions of hierarchical and individualistic culture of the members of the board of directors, a positive effect of CSR practices on financial indicators is nullified, while a great collectivism, tendency to compromise solutions and openness of directors, on the contrary, enhance the positive effects of CSR.

Diversity of a board of directors from the perspective of the native country (*national diversity*) as an ESG factor is also studied in academic literature. Research [12] uses the example of a sample of USA companies and emphasizes a positive influence of national diversity of the board of directors on the extent of corporate social responsibility. This effect may be due to the fact that such companies accommodate the interests of a wider range of stakeholders (*stakeholder theory*). The authors of [46] agree with this interpretation of "internationalization" effect of the board of directors on ESG efficiency (concerning Environmental). Based on analysis of 120 public companies from France, research [47] confirms a positive influence of foreign directors on the efficiency of environment protection and on relations with local communities. In terms of the *resource-based theory*, it is due to a new vision, ideas, knowledge, experience and social relations brought by foreign directors. This is consistent with the results of [48]. For instance, foreign directors often have a better knowledge of current environment protection requirements in different countries and of opportunities to increase corporate environmental responsibility. A large share of foreigners on the board of directors provides cultural diversity and, consequently, mitigation of a possible negative effect of various preconceptions and prejudices of all members of the board. Although in general the papers that confirm a positive influence of foreign directors on ESG prevail in academic literature, some researchers call this effect into question. The authors of [49] studied the influence of the board of directors' characteristics on the attestation of sustainable development reports in Chinese public companies, and revealed a negative influence of an increased share of foreign directors on such attestation.

Conclusions of empirical papers on the effects of diversity of the board of directors' composition are summarized in Table 3.

Table 3. Empirical results: diversity of composition of the board of directors

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
	Board diversity: female directors		Board diversity: foreign directors	
Bloomberg ESG Disclosure Score	7	3	1	
MSCI ESG Rating	1		2	
Sustainalytics	1		1	
Thomson Reuters ESG Score	6	1	1	

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
Thomson Reuters ASSET4	1			
Other indicators of ESG efficiency	3	2	1	
Quality of ESG reports	8	1		3
Company's efficiency in regard to ESG	2		2	
General report quality	2	2		

In general, the conducted analysis is indicative more of a positive influence of the board of directors' diversity on implementation of ESG practices and improvement of disclosure quality. Nevertheless, researchers and business practitioners have to take into consideration potentially constraining factors of the possible effects of directors' diversity, including representation of a certain group, the country's culture pattern and possible complication of the decision-making process.

Board Expertise

Among the existing studies dedicated to the influence of the board of directors on ESG, a significant number of papers is focused on board members' expertise. In the existing studies, the notion of expertise is interpreted rather broadly, including education [29; 50], work experience in some industry [51] or specific positions [52–54]. In general, the expertise of the board members is considered from the point of view of their human (knowledge, skills) and social (relations, professional reputation) capital in terms of the *resource-based theory,* according to which the corporate strategy and its feasibility depend on available resources, including human resources.

In the existing academic literature, the directors' experience is widely considered an efficiency factor of implementation of ESG practices and reports. Research [53] of a sample of over 150 public Spanish companies is an example of such a paper. The authors studied the directors elected out of "external" candidates (rather than from among employees) and define three types of expertise in their paper: business experts (directors experienced as top managers, including top managers currently working as such in other companies), specialists (directors with long-term experience in a certain narrow niche, including finance, law, technology and engineering, or those with specific experience in a corresponding industry) and opinion leaders (politicians, heads of non-commercial organizations, other public persons). Each type of director represents its own type of expertise: business experts embody management expertise, specialists denote focused expertise in a certain professional area, opinion leaders largely stand for relations and reputation, as well as expertise in communication with external stakeholders. At the same time, the results of the paper demonstrate that only the specialist director type improves quality of disclosure in terms of corporate and social responsibility; moreover, this influence is more profound in case of strong CEO power. An increase in the share of directors who are business experts and opinion leaders lowers the level and quality of CSR disclosure. These findings are interesting because of the evidence from both resource-based and agency theories' perspectives. On the one hand, the importance of directors' experience for the CSR disclosure has been confirmed; on the other hand, the paper demonstrates that "external" directors with necessary expertise not only mitigate negative effects of the chief executive officer's "power" (CEO power that will be described in detail below), but also help to use it in order to generate corporate value by complying with the sustainable development principles.

Interestingly, these conclusions are consistent with the findings of the studies dedicated to influence of expertise on the general corporate value generation strategy. For example, research [51] on a sample of companies from the S&P 1500 confirms that companies operating in more complex and knowledge-intensive industries elect directors with special industry-related expertise, while "autocratic" CEOs try to impede the election of such directors, who are more capable of monitoring management's actions. The authors believe that the positive effect of directors with industry-related expertise is due to specialized knowledge, as well as a vision and understanding of the environment in the industry and social relations with industry participants. At the same time, research [52], examining 83 Spanish companies, indicates that independent directors with political experience also can improve the quality of CSR disclosure (according to Global Reporting Initiative – GRI) due to better understanding of the importance of compliance with sustainable development practices for external stakeholders, understanding of mechanisms of communication with external stakeholders concerning CSR issues, society's greater attention to politicians and, consequently, public pressure on companies.

A positive effect of "specialized" experience is confirmed for both environmental efficiency and corporate responsibility indicators. Thus, paper [54] studies the influence of experience and social relations of independent directors on greenhouse gas emissions in British companies from FTSE 350. The authors confirm that the presence, number and a longer tenure of directors with experience in subdivisions and organizations specializing in anthropogenic (including industrial) impact on the environment results in decreased greenhouse gas emissions. At the same time, the authors do not confirm a significant effect of directors' "technical" expertise in a broader sense. Relations between such directors in different companies also entails reduction in greenhouse gas emissions in the observed companies due to greater capabilities of such directors in knowledge and experience exchange. Paper [55] demonstrates empirical results that confirm the positive influence of "specialized" experience on sustainable development and corresponding disclosure in a company by means of analyzing the specialized expertise of boards of directors and quality of sustainable development reports (according to GRI) of Malaysian companies. The authors also manage to verify the positive effect of additional sustainable development trainings for directors.

Some authors consider the size of the board of directors to be an indicator of directors' expertise diversity [27]. In general, researchers positively assess the influence of expertise diversity on ESG efficiency and quality of information disclosure, explaining it by the understanding of ESG's importance for value creation [56] and a tendency to implement innovations in corporate operations [57]. However, at the same time they note a risk of occurring and/or escalation of conflicts within the board of directors, which impede and slow down decision-making processes [29; 57].

Some researchers add the parameter of the board members' education to their models. For instance, researchers of [12; 45] confirm a positive influence of directors' education diversity on CSR indicators due to an understanding of interests of a wide range of stakeholders. These conclusions are in line with the results of other papers [58; 59]. Paper [60], dedicated to the influence of board characteristics on CSR disclosure in Malaysian public companies, emphasizes the importance of board diversification in terms of educational levels: directors with a relatively lower educational level (bachelors, masters) may have more practical skills, while directors with a higher educational level (PhD, DSc) have a wider range of theoretical knowledge and more advanced skills of information synthesis and analysis. The directors' educational level and academic major define their role in corporate governance and, consequently, their influence on adopted decisions. Thus, the abovementioned research of companies of S&P 1500 confirms an enhanced role of the board of directors depending on the educational level (bachelor's degree, master's degree, MBA). Besides, it was revealed that in most cases directors with a degree and experience in the legal or financial spheres, as well as the ones experienced in consulting play more significant roles on the board of directors: such directors become board (or committees') chairs more often, defining corporate strategy.

Conclusions of empirical papers on the effects of diversity of education and experience of the board members are summarized in Table 4.

Table 4. Empirical results: diversity of expertise of board members

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
	Education: level		Education: major	
Bloomberg ESG Disclosure Score	2			
MSCI ESG Rating	2			
Other indicators of ESG performance	1	1		1
Quality of ESG disclosure	2		2	
Corporate performance with regard to ESG	1	1	1	1
Overall quality of disclosure	1			
	Sustainable development / CSR experience		Experience in finance, law, industrial sciences	
MSCI ESG Rating	1		1	
Thomson Reuters ESG Score	1		1	
Other indicators of ESG performance	1			
Quality of ESG disclosure	2	1	3	
Corporate performance with regard to ESG			2	
Overall quality of disclosure			1	

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
	Industry-specific experience		General management and political experience	
MSCI ESG Rating	1			
Thomson Reuters ESG Score	1		1	
Quality of ESG reports	1		2	1
Corporate performance with regard to ESG	1			

The above review revealed significant discrepancies in existing papers. While the majority of researchers confirm the positive role of diversity of directors' expertise, the effects of each type of expertise on ESG remain unclear.

Board Tenure

In academic literature, some researchers consider board members' tenure parameter, similar to CEO tenure widely used in literature. Fewer studies are dedicated to this issue in terms of ESG comparing to the above-described characteristics, however, some authors add this parameter in their models. Thus, the authors of [61], who have studied influence of board diversity on CSR efficiency in the US companies, confirm a positive influence of tenure diversity (expressed as existence of groups of directors with different tenures) on the CSR level, which is mainly due to a decrease in the number of components of concern (CSR concerns). A positive effect of diversity of board members' tenure periods was revealed for CSR disclosure as well in the above-mentioned paper [60]. Conclusions on a positive influence of diversity in directors' tenures on CSR are confirmed for an international sample of 42 countries [62] as well. Besides, on the one hand, so far as the tenure period increases, directors promote corporate sustainable development to a greater extent, on the other hand, it is a non-linear relationship, i.e., it is only true to a certain point. A negative effect of the board tenure on CSR disclosure quality after a certain value (after 10 years as a director) is confirmed empirically in paper [63], which used textual analysis of annual reports made by Australian companies.

A positive effect of diversity in board members' tenures may be due to the fact that companies with directors who have different tenures have a wider range of expertise, and for this reason are more efficient in monitoring [64]. Apart from that, speaking of "new" directors, researchers emphasize their "fresh perspective" in addition to new expertise [22]. At the same time, on average a director needs a longer tenure to get into the swim of things, for example, in comparison to a CEO, because on average they can spare less time on working the company; meanwhile, it is pointed out that when they perform a director's functions, on the one hand, they obtain the needed experience and knowledge about the company, and on the other hand, they get involved in social relations inside the company, which limits their ability to perform independent monitoring. This factor confirms the significance of a well-balanced structure of the board of directors from the power perspective.

CEO's Role on Board

A significant block of studies considers the influence of CEO power and, in particular, CEO's membership in the board of directors on the efficiency of ESG practices and quality of reports. The so-called CEO duality, otherwise speaking, CEO's simultaneous functioning as the board chairperson, is considered extensively in academic literature [20; 65]. A significant number of researchers characterize CEO duality as a negative factor for implementation of ESG practices and information disclosure. This effect is explained from the viewpoint of agency theory, according to which top-managers, including CEO, are more concerned with short-term performance indicators [66] because CEO's remuneration depends on them, so they do not try to accommodate the interests of a wide range of stakeholders [28] or to disclose additional ESG information [14]. CEO duality and CEO power mostly deter board's ability to monitor top-managers' actions efficiently.

Other indicators of CEO power considered in scientific literature are CEO ownership [10; 51], CEO tenure [67], CEO remuneration comparing to remuneration of other top-managers [68], in comparison to board members[69]. The majority of researchers generally consider CEO power a negative factor for efficiency and ESG disclosure. Moreover, research [70] conducted on a sample of 155 public companies from Bangladesh shows that CEO power can "dilute" the positive effects of the board of directors' parameters. These conclusions are similar to the ones regarding [65] European companies, which state that CEO's chairmanship of the board of directors is a negative factor that diminishes the positive effect of CSR on corporate financial performance.

It is important to note that academic literature offers evidence of the positive influence of CEO power on ESG. Research [43] of a sample of 386 Indian public companies points out the positive role of CEO power in ESG disclosure, which may be due to the fact that "autocratic" CEOs have an opportunity to carry into effect the decisions of the board of directors on the implementation of ESG practices more actively. The authors of research [26] on S&P 500 companies using the Bloomberg ESG Disclosure Score came to similar conclusions. Above-mentioned research [53] on Spanish public companies demonstrated that CEO power in combination with the directors' required expertise may promote the implementation of CSR disclosure practices, while CEO power itself was a negative factor. A study [68] of a sample of German public companies reveals that CEO power enhances positive effect of better ESG performance on corporate return on assets (ROA), when there are a separation of executive and monitoring corporate governance functions (two-tier system), and a well-developed institutional environment focused on promoting corporate social responsibility. These findings are typically confirmed by result of other academic papers that indicate that the board of directors can mitigate the negative effect of excessive CEO power, first of all, due to increased independence and diversity of expertise [71]. Using a sample of British companies from FTSE 350, the authors of [72] indicate that stakeholders assess CEO power positively in case of high-quality ESG disclosure. The authors explain this effect from the viewpoint of the *agency theory*: in their opinion, quality of ESG disclosure improves internal governance and monitoring practices within the company; at the same time, the CEO power level as such is a negative factor for corporate value generation.

Conclusions of empirical papers on effects of director tenure diversity and CEO's role on the board of directors are summarized in Table 5.

Table 5. Empirical results: tenure diversity and CEO's role in the board of directors

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
	Board Tenure		CEO Duality	
Bloomberg ESG Disclosure Score		1	4	3
DJSI Index				1
MSCI ESG Rating	1		2	
Sustainalytics				1
Thomson Reuters ESG Score			1	4
Thomson Reuters ASSET4				1
Other indicators of ESG performance		1		2
Quality of ESG disclosure	2	1		6
Corporate performance with regard to ESG	2	1	5	2
Overall quality of disclosure				2

Thus, in spite of the prevalent viewpoint in academic literature, which corroborates the negative influence of CEO's participation and their significant role on the board of directors on ESG, there is evidence that such participation may be favourable in case of a large number of independent directors and directors with necessary expertise. It is necessary to conduct further studies of CEO's influence in implementation of ESG practices that take into consideration the parameters of the board of directors' independence and expertise.

Board Committees

A range of studies examine the characteristics of special-purpose committees of boards of directors and their influence on the implementation of ESG practices in corporate operations. Existence and parameters of a special-purpose committee for sustainable development (or corporate social responsibility) are considered most often [73]. Thus, using a sample of European companies added to STOXX EUROPE 600 from [74] as an example, the authors reveal a positive influence of existence of a special-purpose committee on the CSR level. It consisted in adding the company to Dow Jones Sustainability Index Europe (DJSI Europe). Besides, the authors indicate a strengthening of influence of the CSR committee on high performance in this field in case of an increase in the share of independent directors and the directors with CSR-related experience. These conclusions are partially consistent with the results [75] obtained for an international sample of agricultural and industrial companies. The authors confirmed a positive effect of the existence of a sustainable development committee for the evaluation (rating) of a company's environmental responsibility; at the same time, the influence on implementation of ecological innovations was insignificant. The positive influence of the existence of the sustainable development committee on ESG indicators is confirmed by a study of an international sample of 540 companies from Forbes Global 2000 [14], logistics companies [24], hotel and tourism companies [76], and 400 power generating companies using the ESG rating of Thomson Reuters Eikon [77].

Table 6. Empirical results: committees of the board of directors

	Significant positive effect	Significant negative effect	Significant positive effect	Significant negative effect
	Board Sustainability committee		Board Audit committee	
Bloomberg ESG Disclosure Score	3			
DJSI Index	2			
Thomson Reuters ESG Score	5			
Other indicators of ESG performance	3			
Quality of ESG disclosure	4		2	1
Overall quality of disclosure			4	

Research [13] explains the positive influence of the existence of a sustainable development committee on the ESG rating of Italian companies by the fact that committee members have the necessary specialized expertise. A study [46] of a sample of 1,870 companies from 25 countries also confirms the positive influence of the existence of a sustainable development committee on quality of ESG disclosure: this effect strengthens along with an increase in the share of women on the board of directors and in the dependence of CEO's remuneration on ESG indicators. In two studies of an international sample of 130 companies that compile integrated reports in accordance with IIRC[1] recommendations, the authors indicate that the existence of a CSR committee improves the quality of both non-financial[2] [78] and integrated reports [79].

From among the papers dedicated to the influence of sustainable development committees on corporate sustainable development indicators, we should single out research [80]. It was conducted on an international sample of 177 companies in the real sector. The authors carried out a complex analysis of sustainable development committees and found out that in accordance with the *agency theory*, the share of independent directors and CEO's non-membership in the committee have a positive impact on the indicator of external assessment of a company's sustainability based on the Dow Jones Sustainability World Index. They also revealed positive effects of female directors' membership in the committee. At the same time, the influence of the size of the sustainable development committee turned out to be negative. The authors point out that in Europe, where the external institutional environment facilitates sustainable development to a greater extent, the influence of a special-purpose committee on the level of corporate social responsibility is significantly smaller.

Apart from the SD committees, some researchers study the influence of audit committees on the level of corporate sustainability and social responsibility, first of all, in relation to the quality of ESG disclosure. Paper [81] is of interest. It considers the influence of characteristics of an audit committee on the quality of sustainable development reports of British public companies measured through external certification of reports by the Big Four companies. Considering the characteristics of the audit committee from the viewpoint of the *resource-based theory*, the authors confirmed the positive influence of an increase in the share of independent directors and share of directors with financial expertise on the quality of sustainable development reports. Interestingly, although the influence of the share of directors with financial expertise is significant in the audit committee, the impact of this parameter for the board of directors in general turned out to be insignificant. The authors also indicate a positive influence of active functioning of the board of directors in general and the audit committee, which implied the number of meetings per year, on the quality of the sustainable development report. Results obtained by the authors are consistent with the conclusions of [9], which state that the audit committee accumulates directors with the necessary expertise, i.e., revealing manipulations with reports and other types of financial fraud, thus enhancing the importance of this committee's independence. Another research study [82] conducted on a sample of Spanish public companies indicates that the engagement of audit committee members outside of the company degrades the quality of ESG reports, reducing its monitoring opportunities, which is an indirect confirmation of conclusions of the previous paper and other studies, i.e., research [58] that analyzes a sample of 120 Turkish public companies. The authors also point out the positive effect of assigning female directors, who are prone to pay more attention to issues of impact on the environment and corporate social responsibility, to the committee [28]. This conclusion is also made by the authors of research [83] that analyzes [83] Iranian companies. They assert that the presence of female directors on the audit committee mitigates

[1] International Integrated Reporting Council.

[2] In this study the authors analyzed quality of disclosure concerning intellectual capital on the basis of their own methodology comprising 14 indicators of disclosure concerning various components.

the risk of report revocation; this effect is strengthened if female directors on the audit committee have financial expertise or are independent. A series of studies point out that the positive influence of independent directors on quality of ESG reports is stronger if they are members of the audit committee because in this case there is a greater opportunity to prevent manipulations with reports and opportunistic actions of top management in general [19].

Conclusions of empirical papers on the effects of the sustainable development and audit committees of the board of directors are summarized in Table 6.

The existing papers generally confirm the positive effects of the sustainable development committee on implementation of ESG practices. Apart from that, some authors point out the significance of parameters of the audit committee for ESG disclosure. Nevertheless, it should be noted that the majority of researchers only add the variable of presence of the sustainable development committee within the board of directors to their models. They consider its characteristics, for example, the membership of executive and independent directors, their work experience, diversity, etc., less frequently. A "qualitative" analysis of characteristics of audit committees is performed on a much more frequent basis, but at present the influence of a range of parameters (directors with both professional and financial expertise, membership of foreign directors, characteristics of the committee chairman) on the implementation of ESG practices and improvement of disclosure quality has not been studied. Finally, the existing literature barely considers the parameters of strategy committees, as well as HR and remuneration committees as factors of implementation of ESG practices. It seems that academic research should be geared towards a more detailed study of characteristics of the board of directors' committees.

Conclusion

In this paper we have reviewed the most relevant papers dedicated to the influence of characteristics of boards of directors on ESG that have been published in the last seven years. We consider principal board characteristics (size, independence, diversity, expertise, directors' tenure, CEO role, committees) and key theories (agency, stakeholder, resource-based, critical mass theory),. Many researchers consider board independence as facilitating factor for ESG implementation in corporate operations by means of enhancing the opportunities to monitor top-management's actions and offering a "fresh perspective" on the company, although this factor may also lessen the positive effects due to an insufficient involvement of external directors in corporate or industry specifics.

Board diversity is also generally considered as a positive factor for ESG: larger share of female directors enhances the level of corporate responsibility, while foreign directors may offer new knowledge and competences. Some researchers point out that it is necessary to maintain diversity among directors in terms of tenure in order to combine the experience of "old" directors (not just industry-specific, but also the company-specific experience) with broader perspectives and the new knowledge offered by "new" directors. At the same time, according to the critical mass theory, insufficient representation of these groups on the board of directors may become a deterrent for these parameters. Researchers also point out the importance of board diversity in terms of education (in both the level and the academic major) and professional experience; besides, some papers emphasize the importance of "specialized" (or "functional") competences, including law, finance, technical skills, etc.

Conclusions of the existing studies regarding a CEO's role on the board of directors seem most ambiguous: CEO power deters board capability to monitor top-management's actions efficiently; CEOs also often focus on high short-term indicators at the expense of the measures that create long-term company value, including ESG. At the same time, some researchers point out the potential positive effects of CEO's membership in the board of directors by means of enhancing the opportunities to speed up the implementation of development strategies. Finally, some papers consider the influence of the existence and characteristics of the sustainable development committee on the implementation of ESG principles and while there is a general consensus on the issue of the positive influence of existence of specialized committee, researchers' conclusions on the influence of its parameters are more dubious.

Our review allowed to obtain the results that may be used by researchers as well as business practitioners, especially in the ongoing period of significant changes in approaches to and parameters of corporate governance in Russian companies due to the social and economic challenges and political instability, which intensified in 2022. The research may be continued as an econometric study of the influence of characteristics of boards of directors and their committees on the efficiency of implementation of ESG practices in Russian companies and value creation with regard to these practices.

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