

**WOMEN'S REPRESENTATION ON BOARDS, DIVERSITY PRACTICES, AND  
INTERNATIONALIZATION: EVIDENCE FROM GREENFIELD INVESTMENT**

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## ABSTRACT

This study examines the role of women directors in shaping strategic decisions within corporate boards, with a particular emphasis on internationalization strategies such as greenfield investments among S&P 500 firms. While existing research highlights the benefits of women's board representation for firm performance, it often overlooks their contributions to critical decision-making areas. We argue that female directors enhance their influence on board decisions by promoting diversity practices, which enable firms to leverage their unique perspectives more effectively. Furthermore, we posit that advocacy for diversity decreases as women's board representation reaches a critical mass. Lastly, we link diversity practices to enhanced firm adaptability in complex business environments. By investigating the mediating mechanisms through which gender-diverse boards influence international strategies, our research addresses gaps in the literature on board diversity, entry modes, and diversity, equity, and inclusion (DEI) initiatives. This study offers insights into how women's representation on boards translates into actionable influence, fostering improved strategic decision-making and organizational performance.

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# **WOMEN'S REPRESENTATION ON BOARDS, DIVERSITY PRACTICES, AND INTERNATIONALIZATION: EVIDENCE FROM GREENFIELD INVESTMENT**

## **INTRODUCTION**

As the demand for women in leadership roles continues to grow (Ahern & Dittmar, 2012; Triana, Miller, & Trzebiatowski, 2014), many companies have taken steps to address the issue by appointing women to key positions. Initiatives like the “2020 Women on Boards” campaign in the U.S. and Europe’s “Women on Boards Pledge” highlight collective efforts to enhance women’s representation in corporate boardrooms (Binder, Dworkin, Nae, Schipani, & Averianova, 2019). Additionally, some firms have implemented gender quotas as a strategic approach to increase the number of female directors on their boards (Adams, Fontana, & Malerba, 2016; Kogut, Colomer, & Belinky, 2014). The push for women’s representation on boards is rooted in the recognition of female director’s unique expertise, which enriches decision-making processes and provides valuable perspectives for addressing complex corporate challenges (Chen, Crossland, & Huang, 2016; Farh, Oh, Hollenbeck, Yu, Lee, & King, 2020; Pongelli, Majocchi, Bauweraerts, Sciascia, Caroli, & Verbeke, 2023; Ren & Zeng, 2021; Rivas, 2012).

Given the critical importance of female directors’ unique voices, perspectives, and insights, studies frequently explored the relationship between women’s board representation and organizational outcomes, highlighting the practical implication that women in leadership positions positively influence organizational performance (Chen et al., 2016). While these studies have provided empirical evidence supporting the benefits of women’s board representation, surprisingly their contributions are often overlooked in critical decision-making

areas, such as internationalization, research and development, and mergers and acquisitions (Han, Greve, & Shipilov, 2023; Harris, 2002; Vance, Paik, & White, 2006).

The lack of understanding of how women's board representation affects critical decision-making areas, such as internationalization, evokes a pressing question: How does women's representation on corporate boards translate into an action plan and subsequently influence a firm's internationalization? Understanding this question is crucial, as it not only deepens our knowledge of the relationship between women's board representation and a firm's strategy or outcomes, but it also reveals how women's representation translates into actionable influence, ultimately shaping a firm's strategic direction and performance.

In the present study, we propose that firms with greater representation of women on their boards may be more likely to approve more practices that encourage DEI proposed by the leadership team, resulting in increased adoption of diversity practices. Further, we argue that the increased adoption of diversity practices would allow firms to increase their knowledge stock (Richard et al., 2007; Richard et al., 2021), which can subsequently help firms dealing with complex strategies such as an internationalization strategy. However, we also contend that as the proportion of women directors increases, the firm may reach a saturation point where diversity practices are already sufficiently established, and additional female representation on the board no longer results in significant changes to these practices.

To test the hypotheses, we base our logic on the gender diversity and critical mass literature (Al-Shaer, Zaman, & Albitar, 2024; Joecks, Pull, & Vetter, 2013; Kanter, 1977; Lefley & Janeček, 2024; Oliver, Marwell, & Teixeira, 1985). We focus on the context of international strategy, particularly the greenfield investment of S&P 500 firms, and we find a positive relationship between women's board representation and the development and adoption of

diversity practices. Moreover, we find that this relationship is diminished when women's representation on the board exceeds about one-third of group membership. Last but not least, results show that the development and adoption of diversity practices has a positive impact on the firm's internationalization strategy.

This study makes several meaningful contributions to the literature. First, we examine the relationship between women's board representation and strategic decision-making, with a specific focus on internationalization strategies. While much of the existing research emphasizes gender differences in human capital (Knippen, Shen, & Zhu, 2019) few studies have examined how gender-diverse boards enhance their influence on firm strategy, translating into a firm's strategy. We address this gap by studying the mediating mechanisms through which women's board representation fosters diversity practices, ultimately improving firms' abilities to navigate complex strategies (i.e., greenfield investment).

Second, our research contributes to the international business literature, particularly in the area of entry modes (Ang, Benischke, & Doh, 2015; Raff, Ryan, & Stähler, 2009). While prior studies have thoroughly examined industry-, country-, and firm-level factors influencing entry mode decisions, recent work has shifted focus to the role of individuals in shaping firms' internationalization strategies (Boustanifar, Zajac, & Zilja, 2021). However, with few exceptions (e.g., Bezemer, Pugliese, Nicholson, & Zattoni, 2022; Pongelli et al., 2023), the role of board directors—particularly female directors—has been largely overlooked in this context (Bazel-Shoham, Lee, Rivera, & Shoham, 2020; Ren & Zeng, 2021). This gap may arise from the traditional perception of boards as passive monitors rather than active participants in strategic decision-making (Terjesen, Sealy, & Singh, 2009). Yet, emerging research highlights the increasingly active role boards play in shaping strategic decisions (Bezemer et al., 2022;

Deutsch, 2005; Pugliese, Bezemer, Zattoni, Huse, Van den Bosch, & Volberda, 2009). By examining the relationship between women's representation on the board and the firm's internationalization strategy, our study offers fresh insights into the active role that directors play in shaping global strategies.

Finally, our research contributes to the literature on women's representation, minority influence, and diversity, equity, and inclusion (DEI) (Gill, McNally, & Berman, 2018; Malach Pines, Syed, Lerner, & Schwartz, 2010) by examining how women's representation on boards influences firm internationalization. While existing studies have explored the impact of women's board representation on firm strategies and decision-making (Reddy, Jadhav, & Pai P, 2019), they often lack detailed insight into how female directors actively shape critical strategic decisions such as internationalization. This study addresses this gap by providing a clear rationale for the connection between women's representation on boards and firm strategies. In doing so, we offer a more nuanced understanding of how gender-diverse boards influence strategic decisions, highlighting the active role of women directors in shaping organizational outcomes.

## **THEORY AND HYPOTHESES**

Research on the influence of women's board representation on firm strategy has long been a focal point of scholarly inquiry. For instance, Erhardt, Werbel, and Shrader (2003) examined the effects of demographic diversity on financial performance, evaluating board composition through the lens of gender and ethnic diversity. Their findings revealed that companies with more diverse boards achieved superior financial performance compared to those with less diversity. Similarly, other studies have explored the influence of women's representation on boards, highlighting its positive impact on firm outcomes such as innovation (Miller & Triana,

2009; Torchia, Calabrò, & Huse, 2011) and reputation (Miller & Triana, 2009). This body of research generally suggests differences in behavior between men and women (Byrnes, Miller, & Schafer, 1999; Charness & Gneezy, 2012) and the unique resources, knowledge, and strategic perspectives that women can bring to the boardroom (Bilimoria & Wheeler, 2000).

However, some studies have challenged this notion of systematic sex-based differences. For example, Nelson (2016) found no conclusive evidence for gender disparities in risk-taking behavior, while Schubert, Brown, Gysler, and Brachinger (1999) argued that the influence of gender on behavior is situational rather than inherent. Similarly, Shropshire, Peterson, Bartels, Amanatullah, and Lee (2021) highlighted the importance of context in shaping strategic decision making, cautioning against attributing outcomes solely to gender. Moreover, Post and Byron (2015) reported only a small (near-zero) positive effect in their meta-analysis of women's representation on boards and firm performance. In summary, these studies suggest that the differences between men and women in terms of organizational outcomes are neither consistent nor universal, as these differences are often influenced by contextual factors, leading to mixed and inconclusive results (e.g., Kirsch, 2018; Wiersema & Mors, 2023; Zattoni, Leventis, Van Ees, & De Masi, 2023).

Moving beyond these two polarized perspectives, some scholars have shifted their attention to the nuanced intra-board dynamics and decision-making processes that shape boardroom outcomes (Chen et al., 2016). For instance, building on social identity theory (Hogg & Terry, 2000; Tajfel & Turner, 2003), Chen and colleagues highlight how women directors, often as members of a minority group on corporate boards, encounter gender-based stereotypes. Rather than retreating in the face of such challenges, they claimed that these directors may be driven to reshape board dynamics by engaging in proactive behaviors, such as confidently

asserting their views during discussions, thereby influencing the overall decision-making process. Further, these studies claimed that female directors may leverage their unique perspectives and strategic acumen to challenge traditional boardroom norms. In the present study, we build on this idea by proposing that female directors, due to their heightened exposure to gender-based stereotypes, may be especially attuned to issues of diversity, equity, and inclusion (DEI). Rather than withdrawing in the face of such challenges, we propose that women will be more likely to endorse DEI-related business practices when these initiatives are introduced by the firm.

### **Women's Board Representation and Promotion of Diversity, Inclusion, and Equity**

Firms are increasingly responding to the demand for women in leadership roles (Ahern & Dittmar, 2012; Triana et al., 2014) by appointing women to key positions. National initiatives such as the “2020 Women on Boards” campaign in the United States and the “Women on Boards Pledge for Europe” exemplify efforts to enhance female representation in corporate boardrooms (Binder et al., 2019). Additionally, some companies have introduced gender quotas to ensure minimum representation of women in boardrooms (Adams et al., 2016; Kogut et al., 2014).

The growing representation of women in leadership reflects a recognition of their distinctive knowledge (Pongelli et al., 2023; Rivas, 2012) and unique decision-making approaches (Chen et al., 2016). For instance, Farh et al. (2020) highlight that women provide rare, valuable perspectives that are critical for navigating complex corporate strategies.

However, integrating women's perspectives into strategic decision-making has its challenges. Research on minority influence and gender stereotyping reveals that women's contributions often encounter significant barriers to acceptance. For instance, assertive behaviors by women—such as expressing opinions or advocating for change—may conflict with

entrenched gender norms, resulting in their ideas being undervalued or dismissed by male colleagues (Farh et al., 2020; Ridgeway & Correll, 2004; Sandberg & Grant, 2015 ). These dynamics reflect the broader issue of double binds where women are penalized for behaviors deemed too assertive yet overlooked when perceived as too accommodating.

These biases are particularly pronounced in domains stereotypically viewed as outside women's expertise, such as research and development (R&D), mergers and acquisitions (M&A), or international business. Such fields are often associated with traits like risk-taking, aggressive negotiation, and financial acumen—qualities that traditional gender norms do not readily attribute to women (Koenig, Eagly, Mitchell, & Ristikari, 2011). In a similar vein, Harris (2002) and Vance et al. (2006) observed that women are often perceived as lacking the cultural expertise required to effectively manage global projects, a stereotype that undermines their credibility in international contexts. This perception not only restricts women's opportunities to lead high-stakes global initiatives but also perpetuates the narrative that their capabilities are better suited to domestic or non-strategic roles.

Expanding on this, Han et al. (2023) introduced the concept of a “liability of gender,” which captures the unique challenges women face in navigating international markets. These challenges stem from entrenched gender biases that amplify the already significant barriers to global engagement. Gendered expectations—such as assumptions about women's limited market knowledge or their inability to handle the complexities of international negotiations—compound these difficulties, making it harder for women to establish legitimacy in foreign markets.

Moreover, these biases create a feedback loop: the underrepresentation of women in global roles reinforces stereotypes about their unsuitability for such positions, which in turn

limits their access to critical opportunities for skill development and visibility on the international stage.

Addressing these challenges requires a concerted effort to dismantle gendered assumptions, with female directors playing a pivotal role in driving this change. For instance, by advocating for the development and implementation of policies that support women's participation in international roles and fostering an environment that actively counters the "liability of gender," firms can empower women leaders to fully contribute their talents to the complexities of global strategy.

Indeed, studies have found evidence that female directors actively take steps to create a more equitable workplace environment. For instance, Trzebiatowski, McCluney, and Hernandez (2023) conducted qualitative research examining how female directors navigate gender dynamics on corporate boards. Their study identified six distinct gendered participation tactics that female directors employ to balance the stereotypical expectations of being either warm or competent. In a related vein, Callahan, Mitra, and Sauerwald (2024) found that female board representation plays a critical role in shaping human capital development policies aimed at equipping employees with the knowledge, skills, and abilities needed to thrive in the workplace (Kim & Ployhart, 2014). More specifically, they argue that, because women striving to break the 'glass ceiling' often encounter persistent barriers and limited opportunities for human capital development (Cook & Glass, 2014) it paradoxically motivates female leaders to pursue inclusive and equitable workplace policies (Elley-Brown & Pringle, 2021).

Along these lines, we argue that firms with greater female representation on their boards are more likely to endorse business practices explicitly aimed at promoting diversity and advancing gender equality. More precisely, because female directors have encountered systemic

barriers throughout their careers (Kanter, 1977; Ridgeway & Correll, 2004), they tend to develop a heightened sensitivity to organizational inequities, which in turn makes them more likely to support the adoption of diversity-related practices when such initiatives are proposed by the organization.

***Hypothesis 1.** There is a positive association between women's representation on boards and a firm's adoption of diversity practices.*

### **The Non-Linear Relationship between Women's Board Representation and Diversity Practices**

As female representation on corporate boards increases, a nuanced shift in dynamics may occur. While women in underrepresented roles often result in increased endorsement in diversity practices, their growing numbers can lead to a different outcome. As female representation increases beyond a certain threshold—often referred to as a “critical mass”—the dynamics may begin to shift. Rather than empowering continued advocacy, higher representation may inadvertently trigger resistance from majority-group members who perceive the change as a threat to existing power hierarchies or normative practices (Dover, Major, & Kaiser, 2021). This resistance may manifest in subtle forms of disengagement, strategic obstruction, or even overt opposition to diversity initiatives. As a result, the momentum generated by early increases in female board participation may plateau or even decline, not due to diminished commitment from female directors but due to push back from others in the majority group who feel that there is enough diversity already (Dover et al., 2021).

Indeed, this possibility has been documented by Trzebiatowski, Jiang, Zhang, Eckardt, and Kim (2025) and Ray and Melaku (2023) who note the possibility of the backlash effect coming from male-dominated structure. When women occupy a significant number of seats,

especially in environments heavily characterized by traditional norms, male board members may feel alienated or defensive, which can lead to increasing resistance toward further diversity initiatives (Ray & Melaku, 2023; Trzebiatowski et al., 2025).

Research indicates that backlash manifests in several ways: men may downplay efforts aimed at gender inclusion, withdraw support for women's initiatives, or push for the reinforcement of status quo beliefs about governance and leadership roles (Trzebiatowski et al., 2025). Similarly, it is possible that the signaling effect of having women at the board level—initially a catalyst for diversity initiatives—can be viewed differently when women make up the majority. Rather than enhancing legitimacy and support for women's causes, a critical mass may inadvertently lead male colleagues to conclude that no further changes are warranted, leading to diminished endorsement of equitable practices.

In summary, we propose that at lower levels of representation, the presence of women on boards generally generates positive outcomes for DEI, as these women tend to act as role models and advocates for inclusivity, driving initiatives that support gender equity within organizations (Kanter, 1977; Torchia et al., 2011). However, once a critical mass is achieved, the positive relationship between women's representation on boards and the firm's adoption of diversity practices will take the form of an inverted-U shaped relationship and begin to decline.

***Hypothesis 2.** An inverted U-shaped association exists between women's representation on boards and a firm's development and adoption of diversity practices.*

### **Diversity Practices and Strategic Decision-Making: Internationalization**

Female directors bring a unique and diverse perspective to the strategic direction of organizations, particularly when it comes to navigating complex challenges like greenfield investments. These high-stakes endeavors, which require building operations from the ground up

in foreign markets, demand a nuanced combination of strategic foresight, cultural adaptability, and innovative thinking. Female directors, often characterized by their collaborative, democratic, and relationship-oriented leadership styles (Eagly et al., 2003; Eagly & Johnson, 1990), are uniquely equipped to meet these demands. Their approval for diversity practices can help the organization in creating an inclusive environments that amplify diverse viewpoints and ultimately enhance the firm's absorptive capacity, or ability to learn from its environment (Cohen & Levinthal, 1990)—an invaluable asset for tackling such complex global strategies.

This is because when women advocate for diversity practices, they do more than address systemic inequities; they foster organizational cultures that thrive on diverse perspectives and creative problem-solving. Subsequently, these practices can help organizations prepare for global challenges as they promote long-term thinking and meticulous planning (Buse, Bernstein, & Bilimoria, 2016; Hafsi & Turgut, 2013). In the context of greenfield investments, where success hinges on navigating cultural differences and fostering trust in unfamiliar markets, these diversity practices can be essential tools for successful internationalization.

In sum, we propose that advocacy for diversity not only signals a commitment to equity but also serves as a strategic asset for organizations navigating complex and dynamic environments. By championing diversity, firms are encouraged to move beyond conventional managerial approaches, fostering innovation, cognitive flexibility, and a broader repertoire of problem-solving strategies (Miller, Burke, & Glick, 1998). The inclusion of diverse perspectives enhances the firm's ability to integrate varied forms of knowledge, which is particularly valuable when confronting the multifaceted challenges associated with international expansion. Consistent with these findings, Caligiuri et al. (2004) reported that the cultural diversity of a firm's top management team was positively associated with firm internationalization. Diversity-driven

firms are thus better equipped to understand heterogeneous markets, adapt to institutional complexity, and respond to cross-cultural demands because diversity aids in strategic decision-making and problem-solving (Cox & Blake, 1991; Richard et al., 2007; Richard et al., 2021). As a result, such firms are likely to be less reluctant to pursue complex internationalization strategies and more capable of executing them successfully—ultimately leading to a higher degree of global engagement. Research shows that firms adopting diversity practices utilize diversity both to learn and to gain access and legitimacy when entering various markets (Breuillot, 2021; Cox & Blake, 1991). As a result, firms that adopt diversity practices, value diversity, and recognize the role of diversity in improving business functioning have a smoother internationalization process compared to those firms that see diversity as a threat (e.g., have an attitude that is adverse to diversity practices) and do not adopt diversity practices (Breuillot, 2021). In fact, among firms where diversity practices were not considered or diversity was negatively perceived, Breuillot (2021) reported that one of the firms in the study had an incident that halted the internationalization process altogether.

***Hypothesis 3.** There is a positive association between a firm's adoption of diversity practices and internationalization.*

***Hypothesis 4.** A firm's commitment to diversity practices mediates the positive relationship between women's representation on boards and the firm's internationalization.*

## **METHODOLOGY**

### **Sample and Data**

We created our sample by merging board and director information from ISS/Risk Metrics with financial data from COMPUSTAT and CRSP. We then utilized the fDI market database to

gather information on greenfield investments made by all the firms from 2010 to 2018. We chose this specific timeframe to align with the data on the U.S. female labor force participation rate, which we used as an instrument in our analysis. Additionally, we utilized Refinitiv/ESG data to collect information on firm-level diversity initiatives. Our sample consisted of the U.S. Standard & Poor's (S&P) 500 firms. After integrating all datasets and accounting for missing observations, we obtained an average of 404 firms per year, resulting in a total sample size of 2,432 observations.

**Dependent Variable:** Out of various internationalization strategies, greenfield investment is regarded as more expensive, risky, and time-consuming than alternative approaches (Ang, 2008; Rugman & Brewer, 2001; Shi, Connelly, & Cirik, 2018). For example, compared with alliances and acquisitions, greenfield investments involve creating new operations, distribution hubs, offices, and living quarters from scratch in a foreign country, which can be even more complex and uncertain (Rugman & Brewer, 2001). The processes require finding a local partner, negotiating with them, hiring local workers, integrating knowledge from both the home and host countries, building social capital, and establishing a direct operating presence in the foreign country, among other tasks. Managers and board members may face information overload owing to the variety of decisions that need to be made throughout the entire value chain. Because greenfield investment is perceived to be particularly complex and uncertain compared with other types of internationalization strategies, it is especially important to obtain, share, and process rare, unique, and valuable knowledge, information, and perspectives to pursue greenfield investment. Considering this, we believe that the greenfield investment scenario provides the optimal context for examining CEO and Top Management Team (TMT) advice-seeking behavior.

To measure a firm's Greenfield Investment intensity, we count the total number of greenfield investments conducted in a given year (*greenfield investment*). We obtained these data from the fDI markets database, which is widely recognized as the most comprehensive source of cross-border investment data globally. The authors maintained close communication with the data vendor to ensure that we had a complete dataset regarding each firm's greenfield intensity—to the best of our knowledge, this paper is the first to utilize the fDI database and consider the actual count of greenfield strategies. The data for this variable were measured at time  $t+2$  (two years after the time of the independent variable).

**Mediating Variable:** To capture the extent to which a firm adopts diversity practices, we used three items from Refinitiv/ESG, which capture the firm's policy and objectives in achieving diversity in the company (*diversity practice*). To identify the relevant items, we closely examined the glossary and description of each entry, selecting those demonstrating firm-level actions, and detailing the efficacy of the practices.

First, we used an item asking the company whether policies drive diversity and equal opportunities. In this item, companies were asked whether they had a program or practice to promote diversity and equal opportunities within the workforce, including information on the promotion of women, minorities, disabled employees, or employment from any age, ethnicity, race, nationality, and religion, and whether they had a code of conduct mentioning their diversity policy together with a way to report violations.

For the second item, firms were asked whether they set targets or objectives to achieve diversity and equal opportunities. More specifically, they were asked whether they set any objective/target to increase or promote diversity in the workplace within a time frame, including

information on the promotion of women, minorities, disabled employees, or employment from any age, ethnicity, race, nationality, or religion.

Finally, we used an item that measures whether a firm provides equal opportunities and development opportunities for its workforce. These three items were averaged and standardized to capture the firm-level adoption of diversity practices. An index approach was employed by summing the item scores. The results were consistent, regardless of the method used. The Cronbach's alpha was 0.71, which demonstrates good reliability (Nunnally, 1978). This variable was measured at time  $t+1$ .

**Independent Variable:** To measure *women's board representation*, we extracted information from ISS/Risk Metrics and computed the proportion of female directors by dividing the total number of female directors by the total number of board members. This variable was centered around the mean to prevent possible multicollinearity issues (Aiken & West, 1991) and was measured at time  $t$ .

### ***Control Variables***

We include a comprehensive list of control variables to control for their influence on strategic board decisions related to greenfield investments. We controlled for *board nationality diversity* because greater diversity in board members' nationalities can facilitate the generation of novel and creative ideas for pursuing complex international strategies (Nielsen & Nielsen, 2013). This variable, obtained from ISS Risk Metrics, was measured as the proportion of board members of nationalities other than the United States. We controlled for board busyness (*busy board*), as busy boards are generally less committed to implementing organizational changes such as adopting diversity practices. To calculate this variable, we followed the approach of Fich and Shivdasani (2006), who first counted the number of directors holding positions on other

boards and then divided this number by the total number of directors in the organization. Additionally, we controlled for the presence of *independent directors* who were external board members. Independent directors often bring diverse perspectives and are more likely to objectively identify issues related to diversity (Fernández-Gago, Cabeza-García, & Nieto, 2018). Moreover, their influence extends to key strategic areas, such as internationalization, where their external viewpoints and expertise can guide more balanced and innovative decisions (Chen et al., 2016)

At the CEO level, we controlled for *CEO gender* as women CEOs could be more likely to favor the implementation of diversity practices (Glass & Cook, 2018). This variable is a binary variable, with 1 indicating a firm with a female CEO and 0 otherwise. We controlled for *CEO duality*, which refers to the practice of a single individual serving as both a firm CEO and chair of the board. CEO duality provides unity of command, which may affect the effectiveness and efficiency of board decision making (Krause et al., 2014). CEO duality was operationalized as a binary variable, with 1 indicating that the CEO of a firm is also the chair of its board and 0 indicating otherwise.

At the top management team (TMT) level, we controlled for the presence of a chief diversity officer (*CDO*). We controlled for the presence of a CDO, which tends to have a substantial effect on the adoption and development of diversity practices. To measure this, we determined whether the firm had a CDO that was a member of the executive committee. This variable was binary and was assigned a value of 1 if the company had a CDO and 0 otherwise. This variable was obtained from the Refinitiv/ESG database. Additionally, we controlled for *TMT cultural diversity*, which was calculated as the percentage of senior executives who had a cultural background different from the location of the corporate headquarters. Similarly, we

controlled the *TMT women's representation*, which was captured by the percentage of women in the TMT. These variables were obtained from the Refinitiv/ESG database.

Firm-level controls are also included in the analytical model. First, we controlled for *firm size*, measured as the total assets of a firm. We also controlled for *firm performance* because better-performing firms may suggest that their boards are engaged in more complex and uncertain decision-making processes. We controlled firm performance using the firm's *Tobin's Q* and *ROA* (return on assets). *Tobin's Q* was measured as the market value of a firm divided by its asset replacement value, while *ROA* was measured as the yearly return on assets associated with a firm. We controlled for *cash flow*, as companies with more free cash may have the financial bandwidth to invest in diversity practices. This variable was calculated as the sum of income before expenditure and depreciation divided by the total assets of the firm (Chen et al., 2016).

Finally, we included the total number of offshoring events (*offshoring*) as a control variable to account for the firm's overall internationalization strategy. These data were sourced from the Hoberg and Moon text-based offshoring database, which is derived from annually updated firm disclosures regarding international activities in 10-K filings (Hoberg & Moon, 2017).

All control variables were measured at time  $t$ . All individual Variance Inflation Factors (VIF scores) were below 10 and the average VIF score was below 3 in the base direct effect model (VIF = 2), indicating that multicollinearity was not a concern in the analyses (Field, 2017; O'Brien, 2007). A summary of the variables is presented in Table 1.

\*\*\*\*\* Insert Table 1 About Here \*\*\*\*\*

## **Analysis**

Because female directors are not appointed to boards randomly (Hillman, Shropshire, & Cannella, 2007), we implemented a two-stage Heckman model to correct for potential estimation bias (Chen et al., 2016), which can also help address endogeneity issues, where a variable is correlated with the error term in a regression equation. By modeling the selection process and estimating the two equations simultaneously, it can properly address endogeneity issues (Certo, Busenbark, Woo, & Semadeni, 2016). Following Chen et al. 's (2016) approach, we first used the entire ISS/Risk Metrics database and ran a probit regression model with robust standard errors. Then, we employed the following lagged variables as predictors as these have been proven to be valid predictors of a firm's women representation (Chen et al., 2016; Hillman et al., 2007): firm size, firm age, firm performance (ROA), leverage ratio, stock return volatility (the standard deviation of daily stock returns over the previous year), board size (number of directors), and number of female directors for each firm's headquarters.

Following Chen et al. (2016), we used female labor force participation as an exogenous instrument. The female labor force participation rate was calculated at the U.S. state level from 2010 to 2017 (data sources from the U.S. Census Bureau) and the location of the headquarters. This measure represents the overall level of women's employment in a company's local market. The instrument therefore should be related to our independent variable (women's board representation), since firms are more likely to hire local directors (Chen et al., 2016; Knyazeva, Knyazeva, & Masulis, 2013); however, it should not be correlated with a firm's greenfield investments. Through this approach, we calculated the Inverse Mills Ratio (IMR) and included this variable in our second-stage model. In our analytical model, we also included industry and year fixed effects to account for industry-specific bandwagon effects in international growth strategy (Ito & Rose, 2002; Knickerbocker, 1973) as well as to minimize the problems of

heteroskedasticity and autocorrelation due to temporal effects when employing a panel data regression approach. To account for the dependency across firms within the same industry, we clustered standard errors at the industry level.

For the mediation effect analyses, we conducted a causal mediation analysis (STATA 18) to examine how women's board representation affects internationalization (i.e., greenfield investment) through the adoption of diversity practices using a causal inference framework. Unlike traditional mediation methods, causal mediation explicitly aims to identify direct and indirect effects under certain assumptions of causality, such as the potential outcome framework or the counterfactual approach.

\*\*\*\*\* Insert Table 2 About Here \*\*\*\*\*

\*\*\*\*\* Insert Figure 1 About Here \*\*\*\*\*

## RESULTS

Our study examined the relationship between women's representation on corporate boards, the development and adoption of diversity practices, and their subsequent impact on a firm's internationalization strategy. Hypothesis 1 proposed that firms with greater representation of women on their boards would be more engaged in the development and adoption of diversity practices. The results of our analysis are presented in Model 2 of Table 3. As shown in the table, we observe a positive association between women's board representation and the development and adoption of diversity practices ( $b = 0.733, p = 0.000$ ). Thus, Hypothesis 1 is supported.

Hypothesis 2 proposed a positive association between women's board representation and the development and adoption of diversity practices, which diminishes upon reaching a critical mass threshold. In other words, we expect an inverted U-shaped relationship between women's board representation and diversity practices. As shown in Model 3 of Table 3, the negative

coefficient for the squared term of women's board representation supports this relationship ( $b = -2.276$ ,  $p = 0.018$ ). This finding indicates that, while increased representation initially enhances diversity practices, its positive impact diminishes beyond a certain point. Our graphical illustration further supports this argument by identifying an inflection point around 0.35 or one-third of group membership.

\*\*\*\*\* Insert Figure 2 About Here \*\*\*\*\*

Hypothesis 3 proposes a positive association between a firm's development and adoption of diversity practices and internationalization (i.e., greenfield investment). Hypothesis 4 proposes that when a firm develops and adopts diversity practices, these practices serve as a conduit for unique and insightful knowledge and experience to flow into the organization, leading to more effective strategic decision-making. We tested this hypothesis within the context of an internationalization strategy, specifically focusing on greenfield investments. More precisely, we hypothesize that diversity practices mediate the relationship between women's board representation and greenfield investment decisions.

The result of the causal mediation analysis reveals (Table 4) significant insights into the pathways through which female board representation influences greenfield investment. Specifically, the results indicate that the proposed mediator partially mediates the relationship between women's board representation and greenfield investment.

The indirect effect, representing the portion of the influence of women's board representation on greenfield investment that operates through the mediator (diversity initiatives), is statistically significant (estimate = 1.569,  $p = 0.035$ ). The confidence interval for the indirect effect did not include zero (95% confidence interval (CI) = [0.107, 3.031]), underscoring the robustness of this effect. This finding suggests that changes in women's board representation

exert a meaningful impact on greenfield investment via the mediator, explaining part of the overall relationship.

The direct effect of women's board representation on greenfield investment, independent of the mediator, is also significant (estimate = 2.274,  $p < 0.001$ ), with a confidence interval that excludes zero (95% CI = [1.167, 3.382]). This indicates that women's board representation continues to have a substantial influence on greenfield investment through mechanisms outside of the mediation pathway.

The total effect of women's board representation on greenfield investment, which combines both direct and indirect pathways, is significant as well (estimate = 3.844,  $p < 0.001$ ), with a confidence interval of 95% CI = [1.912, 5.775]. Notably, approximately 40.8% of the total effect was mediated by the identified mediator, whereas the remaining 59.2% was attributable to direct influences.

These results collectively demonstrate partial mediation, highlighting that the mediator plays a significant but non-exclusive role in explaining the relationship between women's board representation and greenfield investment. While the mediator accounts for a substantial portion of the effect, the presence of a strong direct effect underscores the importance of additional mechanisms or pathways through which women's board representation influences greenfield investment. Additionally, we conducted the Preacher and Hayes' mediation test approach with bootstrapping to evaluate the mediation effect (Preacher and Hayes 2004). This result was consistent with our causal mediation analysis. In summary, our findings provide full support for Hypothesis 3 and partial support for Hypothesis 4.

\*\*\*\*\* Insert Table 4 About Here \*\*\*\*\*

## Robustness Checks

One of the central challenges in evaluating the impact of women's board representation on the adoption of diversity practices is the potential for selection bias. Organizations with higher female representation may differ systematically from those with lower representation in ways that influence diversity outcomes. For example, such organizations may have differing asset levels or operate in environments with varying rates of female labor force participation. As these factors independently affect diversity-related outcomes, it is critical to create comparable groups, thereby isolating the effect of female representation on diversity outcomes. Therefore, we employed the matching method to match these key covariates to ensure that the observed differences in outcomes could be attributed to female representation rather than other factors.

Employing a matching method has many benefits. For example, while regression-based methods are commonly used to control for confounders, they may be insufficient to address covariate overlap or imbalances between the treated and untreated groups. Unlike regression, we apply the nearest-neighbor matching method to construct a control group that is directly comparable to the treated group, providing a more intuitive and interpretable estimation of the treatment effect. This approach enhances the internal validity of the findings while maintaining a focus on practical implications.

To evaluate the impact of female representation on diversity initiatives, we employed nearest-neighbor matching using the Mahalanobis distance metric<sup>1</sup>. This analysis estimated the average treatment effect on the treated (ATET) by comparing organizations with higher female

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<sup>1</sup> The Mahalanobis distance is a statistical method used to calculate the gap between a point and a distribution, considering the interrelationships among variables. Unlike the Euclidean distance, which assumes equal scaling and independence of variables, the Mahalanobis distance accounts for variable scale differences and incorporates variable covariance. This analytical tool ensures that control and treated groups share similarities across crucial covariates, thus enhancing the study's validity and strengthening the causal interpretation of how the treatment impacts the outcome variable.

board representation ( $\geq 1$  S.D.) to those with a lower representation of women ( $< 1$  S.D.). The outcome variable, diversity practice, captures the extent of organizational diversity efforts, and matching was conducted using three key covariates: total asset levels, female labor participation rates of the state where the headquarters is located, and the total number of women in managerial roles. This matching approach was designed to ensure comparability between the treated and control groups, minimize confounding effects, and isolate the influence of female representation.

The results indicate that organizations with higher female representation exhibit, on average, a 0.211-unit increase in diversity initiatives compared with matched organizations with lower female representation. This positive association, as captured by the ATET, is statistically significant, with a z-value of 2.95 and a p-value of 0.003. The 95% confidence interval for ATET, ranging from 0.071 to 0.351, does not include zero, providing strong evidence that the observed effect is robust. These findings demonstrate that female representation plays a significant role in driving organizational efforts toward diversity, even after accounting for the key organizational characteristics.

\*\*\*\*\* Insert Table 5 About Here \*\*\*\*\*

### **Post-Hoc Analysis**

To further enrich our analysis and address potential extensions of our framework, we conducted a post hoc analysis examining the role of female representation within the top management team (TMT) in influencing diversity practices and strategic decision-making. This additional analysis was motivated by the idea that similar mechanisms linking women directors to diversity practices and firm strategies could also apply to women executives within the TMT, who are directly involved in operational and strategic decision-making processes.

\*\*\*\*\* Insert Table 6 About Here \*\*\*\*\*

We tested the relationship between women's TMT representation and diversity practices using a model consistent with the one applied to women's board representation. The results shown in Table 6 reveal a positive and statistically significant relationship, with a coefficient of 0.033 ( $p = 0.000$ ). This finding suggests that, like female board directors, female TMT members contribute to the development and adoption of diversity practices, supporting our theoretical arguments about the importance of female leadership in fostering inclusivity within organizations.

These results extend the implications of our study by demonstrating that the influence of women's representation is not confined to the board level but is also evident within the broader leadership structure of the firm. Women executives in the TMT, much like women directors, bring diverse perspectives and emphasize inclusivity, which translates into tangible organizational practices. This reinforces the central premise of our framework—that diversity in leadership positions plays a critical role in shaping organizational strategies and fostering equity.

By incorporating this additional layer of analysis, we provide a more comprehensive understanding of how women's representation across multiple levels of leadership contributes to diversity practices and strategic outcomes. These findings not only enhance the robustness of our study but also open avenues for future research to explore the interplay between women's representation at various leadership levels and organizational performance.

## **DISCUSSION**

This study found a positive association between women's representation on corporate boards and a company's commitment to developing and adopting diversity initiatives. However, our findings also revealed that this relationship follows an inverted U-shaped pattern, diminishing

once a certain threshold is exceeded. Furthermore, we observe that this commitment to diversity is positively linked to greater internationalization efforts, specifically greenfield investments.

### **Theoretical Implications**

The findings offer significant theoretical contributions by addressing critical gaps and advancing scholarly understanding across multiple domains of research. These contributions not only deepen the academic discourse but also pave the way for future studies to build upon our insights.

First, we enhance the international business literature by examining the effect of women directors on a firm's internationalization strategy. While prior studies have largely focused on the relationship between women's board representation and organizational outcomes, they often rely on generalized frameworks such as sex role theory or dispositional traits to explain women's influence (Meier-Pesti & Penz, 2008). Although valuable, these perspectives often fail to explore the specific mechanisms by which women impact board decisions. Our study addresses this gap by opening the black box (Lawrence, 1997) that connects women's representation to greenfield investment decisions. By focusing on the processes and behaviors that underlie strategic decision-making on diverse boards, we move beyond surface-level correlations. This shift in focus provides a more detailed understanding of how female directors actively shape complex strategies, offering a more granular view of their contributions.

Second, we advance the literature on board diversity by linking female directors' and diversity practices to broader organizational strategies, particularly in the context of internationalization. Specifically, we provide evidence that the increased representation of women on boards is associated with a stronger commitment to diversity practices, which serves as a catalyst for more ambitious international strategies, such as greenfield investments. This

finding establishes a novel connection between board diversity and global strategy, offering a fresh perspective on how diversity practices translate into tangible strategic advantages. While previous studies on firm internationalization strategies (e.g., Boustanifar et al., 2021; Mudalige, Ismail, & Malek, 2018) have focused on structural or market-based factors, our study highlights the pivotal role of female board members, bridging a significant gap in the literature.

The present study also advances research on gender diversity on boards of directors. While researchers have speculated that a critical mass is somewhere around one-third of group membership, with Bilimoria (2006) using 25%, while Joecks et al. (2013) using 30%, and Kanter's class work (1977) using 35%, our study adds more empirical evidence to disentangle where the critical mass happens. We corroborate the notion that critical mass happens right around one-third of group membership and 35% as Kanter originally suggested. Moreover, we show that there is an inverted U-shaped curvilinear relationship with an inflection point around 35% such that women's board representation increases diversity practices up to that point and then it gradually diminishes, perhaps because diversity has been more culturally embedded.

Finally, this study underscores the theoretical importance of diversity practices as a transformative element in board dynamics. By demonstrating how female directors can possibly encourage inclusive environments, we offer insights into how DEI practices enable organizations to navigate complex challenges and seize opportunities in global markets. This understanding extends beyond the immediate context of greenfield investments, suggesting broader applications in areas like R&D, ESG policies, and mergers and acquisitions. By reframing diversity as a strategic enabler of internationalization strategy, we provide a theoretical foundation for future research to explore its role across varied organizational contexts.

### **Practical Implications**

The findings offer valuable insights for organizations and policymakers aiming to enhance strategic outcomes through effective diversity and inclusion initiatives. These implications go beyond ethical considerations, highlighting diversity as a strategic asset that drives innovation, adaptability, and global competitiveness.

First, firms must shift their perception of diversity practices from ethical obligations to strategic imperatives. Female directors, often at the forefront of championing diversity practices, help create organizational environments where diverse perspectives are actively integrated into decision-making. This integration fosters a culture of innovation and adaptability, especially in complex and high-stakes scenarios like greenfield investments. For instance, in global markets where firms face cultural nuances and regulatory challenges, having a diversity-oriented framework equips organizations to respond with greater agility and creativity. To achieve this, leaders should institutionalize diversity practices at all levels of the organization, embedding them into corporate culture. This institutionalization ensures that diversity becomes a consistent driver of strategic success, rather than a superficial initiative.

Second, the composition of corporate boards requires thoughtful consideration to maximize the benefits of female representation. Our findings indicate an inverted U-shaped relationship between women's board representation and the adoption of diversity practices. This suggests that while increasing female representation has clear advantages, the impact plateaus or diminishes beyond a certain point. The key takeaway is that achieving balanced representation is critical—neither tokenism nor over-representation will yield optimal results. Organizations should ensure that female directors are empowered to contribute meaningfully, with recruitment processes focusing on both diversity and the board's overall cohesion. This balance allows female directors to actively influence decision-making, leveraging their insights to drive

impactful outcomes.

Furthermore, firms should recognize and actively harness the unique strengths that female directors bring to high-stakes strategic initiatives, particularly internationalization strategies. Female directors are often characterized by a leadership style that emphasizes inclusivity, risk awareness, and long-term thinking. These qualities are invaluable in global strategies, such as greenfield investments, where success hinges on navigating cultural complexities, managing regulatory frameworks, and fostering cross-border collaboration. By involving female directors in roles that require these capabilities, organizations can enhance their ability to execute international strategies with precision and foresight. For example, leveraging their perspectives during foreign market entry planning can lead to more robust risk assessments and innovative solutions tailored to local contexts.

In summary, our research underscores the need for a strategic approach to diversity and inclusion. By prioritizing the institutionalization of diversity practices, cultivating balanced board representation, and leveraging the unique capabilities of female directors, organizations can transform diversity into a cornerstone of their strategic success. These actions will not only improve corporate performance but also establish firms as leaders in innovation and adaptability in an increasingly complex and interconnected world.

### **Limitations and Future Research Directions**

Although our study makes significant contributions to the literature and provides important practical implications, several limitations of this study should be acknowledged. First, our analysis relies on data from the ISS/Risk Metrics database, which includes firms from the U.S. S&P 500 between 2010 and 2018. While this dataset offers valuable insights, it primarily reflects large, publicly traded firms and excludes other types of organizations such as non-profit

entities or small- and medium-sized enterprises (SMEs). Consequently, our findings may not fully capture how women's representation on boards and greenfield investments interact in these alternative contexts. Future research could address this limitation by segmenting datasets by firm size, industry, or organizational type to explore whether the relationships identified in this study hold across different types of firms.

Second, because of data limitations, we were unable to examine the size or value of greenfield investments. While our study demonstrates a link between women's board representation, diversity practices, and the likelihood of engaging in greenfield investments, understanding the scale and financial implications of these investments remains unexplored. Future research could address this gap by incorporating data on investment size and value to provide a more comprehensive understanding of how diversity practices influence the scale of internationalization strategies.

Third, while our study focuses on the specific relationship between women's board representation, diversity practices, and greenfield investments, it does not address whether this model can be generalized to other strategic initiatives or forms of innovation. For example, female directors may play a critical role in fostering firm-level innovations or implementing broader diversity-focused strategies, such as gender-equity training programs. These efforts could have ripple effects, potentially leading to greater innovation capacity or adoption of inclusive practices across different organizational domains. We recommend that future research extend our framework to examine whether women's representation influences outcomes in other strategic areas beyond internationalization, including innovation, technological advancement, or sustainability initiatives.

Fourth, while we emphasize the importance of diversity practices as a mediating factor in our model, the operationalization of such practices may vary significantly across organizations and industries. The effectiveness of diversity initiatives is likely to be influenced by cultural, regulatory, and organizational factors, which our study does not account for. Future research could examine how contextual factors shape the implementation and outcomes of diversity practices, offering a more granular understanding of their roles in promoting organizational performance.

Lastly, we believe future studies could benefit from exploring the conditions under which female directors' advocacy for diversity practices gains greater support from their male counterparts. We argue that female directors often frame their advocacy in ways that align with the board's overarching goals—such as improving organizational performance, driving innovation, and enhancing reputation—and these compelling connections may resonate with their male colleagues, fostering greater acceptance and support. However, the question of when female directors get more support from their male colleagues has not been studied yet. Therefore, we suggest future research delve deeper into the dynamics between male and female directors, investigating the specific conditions under which female directors' advocacy gains traction. Such studies could explore factors like the alignment of diversity initiatives with organizational strategy, male directors' openness to diverse perspectives, and the role of external pressures in shaping boardroom dynamics. Understanding these nuances will provide valuable insights into how boards can collaboratively advance diversity practices and maximize their strategic potential.

## **Conclusion**

This study integrates the literature on board diversity in upper echelons and minority influence to shed light on the distinctive role of women's representation in male-dominated boards. This study demonstrates how the representation of women on boards can facilitate a firm's commitment to diversity practices and ultimately increase greenfield investments. The study highlights the importance of proactive adoption of diversity practices in organizations, which can assist in addressing complex problems and enable the insourcing of non-routine and unique minority perspectives. This study offers both practical and theoretical insights that can guide the management of teams with females in minority proportions. Additionally, the findings suggest avenues for future research on the mechanisms influencing team outcomes in diverse teams. The study highlights the vital role played by women on male-dominated boards and demonstrates how their knowledge can be harnessed to promote diversity and contribute to strategic outcomes. Ultimately, this research offers important implications for those seeking to foster inclusion and promote the success of diverse upper-echelon teams.

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**Table 1. Explanation of Variabels**

<b>Variable Name</b>	<b>Definition</b>
<b>Greenfield Investment</b>	Measures the total number of greenfield investments conducted by a firm in a given year
<b>Diversity Practice</b>	Captures the extent to which a firm adopts diversity practices, based on three standardized items from Refinitiv/ESG: policies promoting diversity, setting diversity targets, and providing equal opportunities.
<b>Women's Board Representation</b>	Proportion of female directors on a firm's board, calculated as the total number of female directors divided by the total number of board members.
<b>Board Nationality Diversity</b>	Proportion of board members with nationalities other than the U.S.
<b>Busy Board</b>	Proportion of board members who hold positions on other boards, measured as the number of directors with external positions divided by the total number of directors.
<b>Independent Directors</b>	Proportion of external board members (independent directors)
<b>CEO Gender</b>	Binary variable where 1 indicates a female CEO and 0 indicates a male CEO.
<b>CEO Duality</b>	Binary variable where 1 indicates that the CEO also serves as the chair of the board, and 0 otherwise.
<b>Chief Diversity Officer (CDO)</b>	Binary variable where 1 indicates the presence of a CDO on the executive committee and 0 otherwise.
<b>TMT Cultural Diversity</b>	Percentage of senior executives with a cultural background different from the location of the corporate headquarters.
<b>Women's TMT Representation</b>	Percentage of women in the top management team (TMT), indicating gender diversity at the TMT level.
<b>Firm Size</b>	Total assets of a firm, reflecting its overall size.
<b>Firm Performance (Tobin's Q)</b>	Measured as the market value of a firm divided by its asset replacement value, indicating firm performance.
<b>Firm Performance (ROA)</b>	Return on assets (ROA), measured as the yearly return on the firm's assets, reflecting its profitability.
<b>Cash Flow</b>	Sum of income before expenditures and depreciation divided by the total assets of a firm, indicating its financial bandwidth to invest in diversity practices.
<b>Offshoring</b>	Total number of offshoring events, indicating the firm's overall internationalization strategy. Data sourced from the Hoberg and Moon text-based offshoring database.

**Table 2. Descriptive Statistics and Pairwise Correlation Table**

Variable	Mean	Std. dev.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1. Greenfield	1.96	5.26	1.00													
2. Diversity practice	0.00	0.79	0.13	1.00												
3. Women's board representation	0.17	0.09	0.12	0.18	1.00											
4. Board nationality diversity	0.15	0.18	0.07	0.06	0.01	1.00										
5. Busy board	0.01	0.10	-0.02	-0.09	-0.04	-0.02	1.00									
6. Independent directors	0.07	0.13	0.03	-0.07	-0.08	-0.11	0.01	1.00								
7. CEO gender	0.03	0.18	0.07	0.06	0.23	0.02	-0.02	-0.05	1.00							
8. CEO duality	0.52	0.50	0.07	0.10	0.09	-0.08	0.02	0.03	-0.04	1.00						
9. CDO	0.01	0.08	0.01	0.06	0.00	-0.05	-0.01	0.02	-0.01	0.01	1.00					
10. Women's TMT representation	9.68	11.70	0.10	0.54	0.21	0.00	-0.08	-0.10	0.12	0.13	-0.01	1.00				
11. Firm size	62654.31	207116.10	0.12	0.13	0.09	0.01	-0.02	-0.01	-0.01	0.14	0.00	0.13	1.00			
12. Tobin's Q	2.06	1.29	0.10	0.00	0.02	0.09	0.01	-0.05	-0.02	-0.07	-0.04	-0.03	-0.18	1.00		
13. ROA	0.06	0.08	0.09	0.05	0.01	0.09	-0.01	0.00	0.01	-0.04	-0.03	0.01	-0.13	0.50	1.00	
14. Cash flow	0.10	0.08	0.09	0.03	-0.02	0.09	0.00	0.01	-0.01	-0.04	-0.04	-0.03	-0.20	0.50	0.93	1.00
15. Offshoring	118.01	128.03	0.09	0.00	-0.06	0.18	0.00	-0.01	-0.05	0.00	-0.02	-0.01	-0.02	0.01	0.04	0.09

**Table 3. Women's Representation on Boards and Diversity Practices**

DV: Diversity practice	(1)		(2)		(3)	
	<i>b (S.E.)</i>	<i>p-val.</i>	<i>b (S.E.)</i>	<i>p-val.</i>	<i>b (S.E.)</i>	<i>p-val.</i>
Women's board representation			0.733 (0.171)	[0.000]	0.770 (0.169)	[0.000]
Women's board representation <sup>2</sup>					-2.276 (0.964)	[0.018]
Board nationality diversity	0.203 (0.086)	[0.018]	0.204 (0.084)	[0.015]	0.194 (0.083)	[0.020]
Busy board	-0.199 (0.074)	[0.007]	-0.171 (0.078)	[0.029]	-0.155 (0.078)	[0.047]
Independent directors	0.026 (0.086)	[0.765]	0.021 (0.086)	[0.804]	0.029 (0.087)	[0.734]
CEO gender	-0.085 (0.070)	[0.226]	-0.158 (0.071)	[0.026]	-0.125 (0.072)	[0.084]
CEO duality	0.098 (0.027)	[0.000]	0.088 (0.027)	[0.001]	0.089 (0.027)	[0.001]
CDO	0.652 (0.217)	[0.003]	0.649 (0.225)	[0.004]	0.656 (0.223)	[0.003]
Women's TMT representation	0.033 (0.001)	[0.000]	0.033 (0.001)	[0.000]	0.033 (0.001)	[0.000]
Firm size	0.000 (0.000)	[0.000]	0.000 (0.000)	[0.000]	0.000 (0.000)	[0.000]
Tobin's Q	0.006 (0.015)	[0.673]	0.008 (0.015)	[0.610]	0.009 (0.015)	[0.566]
ROA	-0.792 (0.597)	[0.184]	-0.670 (0.587)	[0.254]	-0.675 (0.586)	[0.249]
Cash flow	1.312 (0.632)	[0.038]	1.202 (0.622)	[0.053]	1.231 (0.620)	[0.047]
Offshoring	0.000 (0.000)	[0.400]	0.000 (0.000)	[0.261]	0.000 (0.000)	[0.297]
IMR ( $\lambda$ )	-0.623 (0.069)	[0.000]	-0.589 (0.067)	[0.000]	-0.584 (0.067)	[0.000]
Constant	-0.746 (0.051)	[0.000]	-0.719 (0.051)	[0.000]	-0.703 (0.051)	[0.000]
Observations	2,432		2,432		2,432	
$R^2$	0.553		0.557		0.559	
Industry FE	Yes		Yes		Yes	
Year FE	Yes		Yes		Yes	

*Robust standard errors are reported in parentheses, with p-values provided in brackets.*

**Table 4. Causal Mediation Effect (DV: Greenfield Investment)**

DV: Internationalization (i.e., Greenfield investment)				95% Confidence Interval		<i>z</i>	<i>p</i>
<i>Effect</i>	<i>Label</i>	<i>Estimate</i>	<i>S.E.</i>	<i>Lower</i>	<i>Upper</i>		
Indirect	$a \times b$	1.569	0.746	0.107	3.031	2.1	0.035
Direct	$c$	2.274	0.565	1.167	3.382	4.03	0.000
Total	$c + a \times b$	3.844	0.985	1.912	5.775	3.9	0.000

**Table 5. Nearest-Neighbor Matching**

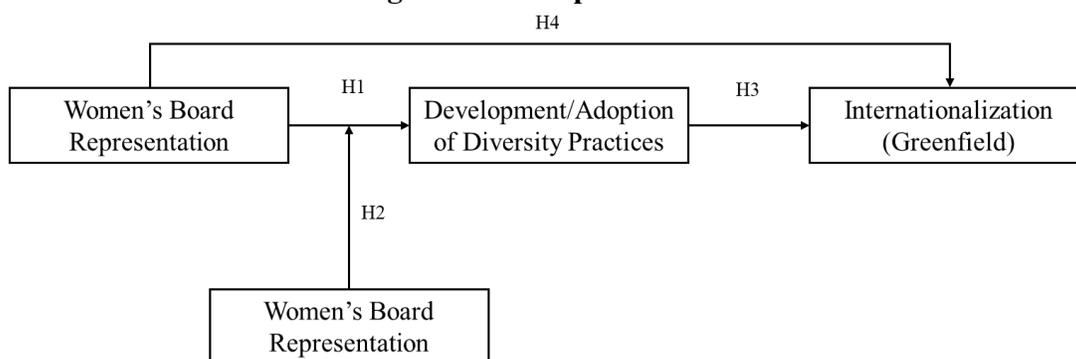
Average Treatment Effect on the Treated			95% Confidence Interval		<i>z</i>	<i>p</i>
<i>Women's Board Representation</i>	<i>Coefficient</i>	<i>S.E.</i>	<i>Lower</i>	<i>Upper</i>		
(1 vs 0)	0.211	0.071	0.071	0.351	2.950	0.003

**Table 6. Pos-Hoc Analysis**

DV: Diversity practices	(1)		(2)		(3)	
	<i>b (S.E.)</i>	<i>p-val.</i>	<i>b (S.E.)</i>	<i>p-val.</i>	<i>b (S.E.)</i>	<i>p-val.</i>
Women's TMT Representation	0.033 (0.001)	[0.000]	0.033 (0.001)	[0.000]	0.082 (0.003)	[0.000]
Women's TMT Representation <sup>2</sup>					-0.001 (0.000)	[0.000]
Constant	-0.746 (0.051)	[0.000]	-0.746 (0.051)	[0.000]	-0.806 (0.047)	[0.000]
Observations	2,432		2,432		2,432	
Controls	Yes		Yes		Yes	
Industry FE	Yes		Yes		Yes	
Year FE	Yes		Yes		Yes	

Robust standard errors in brackets.

**Figure 1. Conceptual Model**



**Figure 2. The Inverted-U Shaped Relationship of Women's board representation**

