

## **DOES BOARD DIVERSITY ENCOURAGE POLICY WATER EFFICIENCY? INSIGHTS FROM LATIN AMERICAN FIRMS**

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### **Introdução**

Water use has been increasing by roughly 1% per year over the last 40 years due to population growth, changing consumption patterns, and socioeconomic development, with a higher concentration in emerging economies (UN Water, 2023). This is concerning given that water is a scarce and irreplaceable natural resource (Y.-L. Chen & Huang, 2022) crucial for environmental sustainability, biodiversity, and ecological balance (Tan & Zou, 2023). Accordingly, water use efficiency is essential for sustainable development (Zhang et al., 2023).

### **Problema de Pesquisa e Objetivo**

This paper aims to explore the effect of board diversity on policy water efficiency. Theoretically, the study uses resource dependence and stakeholder theories.

### **Fundamentação Teórica**

Resource dependency theory argues that the organization is a coalition of resources with the primary goal of surviving in a competitive environment (Pfeffer & Salancik, 1978). In this line, the firm's survival depends on its ability to obtain resources from the external environment (Casciaro & Piskorski, 2005). The word "stakeholder" as used now, first appeared in 1963 in an internal memo from the Stanford Research Institute with an attempt to challenge the idea that shareholders are the only group that management needs to answer to (Parmar et al., 2010).

### **Metodologia**

We obtain policy water efficiency, board diversity, and financial data from the Refinitiv database, a provider widely used by scholars in the sustainability field. From a sample of 87 Latin American firms from 2010 to 2021, this study examines the effect of board diversity on water efficiency. The policy water efficiency score retrieved from Refinitiv is the dependent variable. Since the data indicate the presence of autocorrelation, heteroscedasticity, and cross-sectional correlation and dependence, we employ the PCSE method to test the three hypotheses of the study.

### **Análise dos Resultados**

The results indicate that board gender diversity positively impacts water efficiency. The findings also show that specific skill diversity positively influences the adoption of water efficiency policies. Finally, the results reveal that board cultural diversity does not impact water efficiency.

### **Conclusão**

From a sample of 87 Latin American firms from 2010 to 2021, this study examines the effect of board diversity on water efficiency. The policy water efficiency score retrieved from Refinitiv is the dependent variable. Since the data indicate the presence of autocorrelation, heteroscedasticity, and cross-sectional correlation and dependence, we employ the PCSE method to test the three hypotheses of the study.

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