

The Influence of Board Diversity on Directors' Networks and Corporate Risk-Taking: A Systematic Review

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Abstract

Board diversity is increasingly acknowledged as a cornerstone for enhancing the strategic decision-making capabilities of directors' networks, particularly in the context of corporate risk-taking. This systematic literature review aims to systematically investigate the influence of board diversity on directors' networks and corporate risk-taking. The key issue highlighted is the need for an updated and structured review to deepen understanding of how board diversity affects directors' networks and corporate risk-taking. To achieve this objective, an extensive search was conducted for scholarly articles within prominent databases such as Scopus and Web of Science, focusing on studies published between 2024 and 2025. The study adheres to the PRISMA framework for systematic reviews, which yielded twenty-one (n=21) final primary data articles for analysis. The findings are thematically classified into two themes: (1) directors' networks influence corporate risk-taking, and (2) board diversity influences directors' networks and corporate risk-taking. The analysis reveals that board gender diversity (BGD) and board ethnicity diversity (BEG) on board diversity moderate the relationship between directors' networks and corporate risk-taking, depending on the company's context, governance architecture, and external institutional pressures. In conclusion, strategically integrating board diversity into the corporate risk-taking framework while leveraging directors' networks cultivates inclusive and accountable decision-making practices.

1. Introduction

The United Nations' Agenda 2030 underscores the pivotal role of structured and accountable corporate risk-taking in achieving Sustainable Development Goals (SDGs), particularly SDG 8 (inclusive economic growth), SDG 9 (industry innovation), and SDG 16 (transparent institutions) (OECD, 2023; UN, 2015; WEF, 2024). The integration of international agenda with national policies, such as the Shared Prosperity Vision 2030 and the Malaysia Madani Economy, positions corporate risk-taking mechanisms as a key driver of Malaysia's economic sustainability and corporate resilience in the face of a competitive global economy (Government of Malaysia, 2019, 2024; Thorbecke, 2024). Within this policy landscape, the current review themes address a notable gap in the need for an updated and structured review to understand the influence of board diversity on directors' networks and corporate risk-taking. The increasingly significant themes of board diversity encompass variations in demographic heterogeneity such as board gender diversity (BGD) and board ethnicity diversity (BEG), which can contribute to broader perspectives in strategic decision-making processes (Aksoy et al., 2023; Alzayed et al., 2024;

C. E. F. Wright et al., 2024). Previous studies have indicated that board diversity plays a crucial role in enhancing the effectiveness of strategic decision-making in corporate risk-taking (Alzayed et al., 2024; Hui & Xie, 2024).

Empirical studies have shown that such board diversity enhances cognitive plurality, enabling boards to evaluate risk from multiple lenses and curbing the dominance of unilateral decisions (Hui & Xie, 2024; Liu et al., 2024). This multifaceted input enables companies to navigate complexity and volatility more effectively, while simultaneously mitigating the risks associated with homogenous board composition. Moreover, corporate risk-taking is intrinsically tied to a company's ability to balance value optimisation with the management of capital costs (Roggi et al., 2012). Corporate environmental responsibility also strategically extends into corporate risk-taking behaviours, enabling firms to leverage stakeholder trust and competitive advantage in decision-making processes (Qiu et al., 2024). Additionally, prior studies have shown that directors' networks—referring to the social network and professional influence among directors—also affect patterns of corporate risk-taking. Broader directors' networks are often associated with better access to information, innovation, and strategic opportunities, which subsequently influence strategic decision-making (Amin et al., 2024; Chen et al., 2024; Zhao et al., 2024). The interplay between board diversity and these directors' networks enhances corporate risk-taking through informed risk decision-making.

However, the influence of board diversity, directors' networks, and corporate risk-taking remains underexplored in the Malaysian company's context. Prior studies are predominantly grounded in Agency Theory while neglecting integration with Social Network Theory (SNT) (Alzayed et al., 2024; Kalia & Gill, 2023). Empirical evidence is scarce within ASEAN and predominantly derived from Western settings (Askarany et al., 2025; Khatib et al., 2023). Methodological limitations include a lack of triangulation and longitudinal depth (Xu et al., 2025). Practical engagement with regulatory implications remains limited, while socio-cultural factors are often overlooked (Kalia & Gill, 2023; Xu et al., 2025). Variation in methodological rigour further constrains causal inference (Nance et al., 2024). This gap highlights the need for contextually grounded, theory-integrated, and methodologically robust study in Malaysia. Therefore, this study focuses on determining how board diversity influences directors' networks and corporate risk-taking. Specifically, it seeks to examine how elements of board diversity, such as BGD and BED, can moderate the relationship between directors' networks and corporate risk-taking. Using integrative thematic synthesis with expert validation, it advances theoretical and empirical insights while offering practical implications for optimising corporate value and informing governance policy.

2. Literature Review

2.1 Directors' Networks Influence Corporate Risk-Taking

While the benefits of directors' networks in corporate risk-taking have been explored, gaps remain in understanding how factors such as demographic faultlines and access to directors' networks either diminish or enhance the effectiveness of strategic decisions in corporate risk-taking (Alzayed et al., 2024; Arena et al., 2024). Previous studies provide limited insights into how directors' networks optimise the effectiveness of strategic decision-making in corporate risk-taking. Strategic decision-making effectiveness, based on corporate risk-taking levels, is commonly measured using three variable metrics: total risk, downside risk, and upside risk (Ali et al., 2022). These variable metrics capture a company's capacity to pursue value-enhancing opportunities while maintaining control over potential losses. Directors' networks, when effectively leveraged, facilitate access to critical market intelligence, enabling companies to align their risk profile with stakeholder expectations (John et al., 2008; Pathan, 2009). Studies by Groutsis (2024) and Mateos de Cabo et al. (2024) highlight cultural resistance related to BGD and BED, as well as challenges within corporate risk-taking structures, as key obstacles to fully leveraging the potential of directors' networks.

Moreover, Aksoy et al. (2023) found that board diversity in directors' networks is better equipped to mitigate risks associated with corporate risk-taking, particularly in large companies undergoing internationalisation. Conversely, Alzayed et al. (2024) observed that external influences through directors' networks tend to encourage boldness in market-related corporate risk-taking, while internal influences reduce corporate risk-taking for operational risks. Despite the substantial benefits offered by directors' networks, persistent challenges remain, including cultural resistance to BGD and BED, as well as an enduring lack of inclusivity. Findings by Aksoy et al. (2023), Alzayed et al. (2024), Arena et al. (2024), Groutsis (2024), and Mateos de Cabo et al. (2024) highlight the need for more comprehensive strategic approaches to leverage the potential of directors' networks in enhancing the effectiveness of strategic decision-making in corporate risk-taking. Previous studies indicate that directors' networks with board diversity improve companies' ability to govern corporate risk-taking.

The relevance of previous theoretical studies has employed Resource Dependence Theory (Salancik & Pfeffer, 1978), Institutional Theory (Dimaggio & Powell, 2021), and Social Identity Theory (Tajfel, 1979) to explain how directors' networks influence corporate risk-taking. These frameworks highlight how networks provide resources, institutional norms shape board structures, and in-group dynamics within boards may resist diversity due to perceived threats to existing power relations. However, there are theoretical gaps in understanding SNT

by examining the structural and relational dimensions of directors' networks that influence corporate risk-taking. Granovetter (1973) concept of "The Strength of Weak Ties" highlights the value of non-redundant, external linkages in facilitating access to diverse and strategic information, while Barabasi (2002) emphasises how complex directors' networks shape strategic opportunities. Additionally, within the context of the RDT framework, board diversity—via BGD and BED, serves as a means to broaden the resource pool, fostering a more adaptive and responsive governance structure. Carter et al. (2010) found that board diversity enhances the effectiveness of directors' networks, supporting the idea that diverse boards can help mitigate reliance on external resources.

From this perspective, the intersection of SNT and RDT offers a powerful explanatory model. Directors' networks function not only as social mechanisms of strategic information exchange but also as enablers of resource mobilisation, particularly in high-risk decision-making scenarios (Hambrick & Mason, 1984; Salancik & Pfeffer, 1978). In environments characterised by volatility and ambiguity, these Directors' networks become instrumental in balancing risk appetite with prudence. The demographic configuration of the board—through BGD and BED—further shapes the information flows, trust dynamics, and collective cognition that underpin strategic decisions (M. Granovetter, 1985). Consequently, directors' networks play a pivotal role in influencing corporate risk-taking, as described by SNT and RDT in elevating the quality of corporate risk-taking decisions.

2.2 Board Diversity Influences Directors' Networks and Corporate Risk-Taking

Board diversity strengthens strategic decision-making by enriching directors' networks and influencing corporate risk-taking strategies. Previous studies suggest that various dimensions of board diversity, such as BGD and BED, expand directors' networks, subsequently impacting strategic decision-making in corporate risk-taking (Amin et al., 2024; Guo et al., 2024; Wang et al., 2024) revealed that BGD enhances interconnectedness within directors' networks, thereby influencing corporate risk-taking tolerance. Zhao et al. (2024) highlighted the role of complex directors' networks in mitigating bankruptcy risks by facilitating more effective risk dispersion among interconnected companies. Guo et al. (2024) demonstrated that board diversity leads to more inclusive directors' networks, enabling companies to navigate corporate risk-taking more effectively. Findings from Wang et al. (2024), Zhang et al. (2024), Zhao et al. (2024) and Jiménez-Parra et al. (2024) underscore the importance of adopting more comprehensive strategies to unlock the full potential of board diversity in enhancing the effectiveness of directors' networks in strategic corporate risk-taking. This review underscores the notion that board diversity plays a pivotal role in shaping the effectiveness of directors' networks and in fostering strategic corporate risk-taking.

However, challenges such as cultural constraints to BGD and BED and demographic homogeneity must be addressed to realise these benefits fully (Mateos de Cabo et al., 2024; C. E. F. Wright et al., 2024). Cultural constraints related to BGD and BED, as well as governance structures, continue to hinder the spread of board diversity within directors' networks (Jiménez-Parra et al., 2024). Fu et al. (2024) emphasised those demographic faultlines may undermine the effectiveness of directors' networks, particularly in contexts where board polarisation is present. Moreover, Arena et al. (2024) highlighted demographic faultlines as factors undermining information sharing within boards, while C. Wright et al. (2024) found that global social movements, such as feminism, have shifted board appointment norms, although BED remains under-prioritised. In this context, Groutsis (2024) pointed out that restricted access to directors' networks constitutes a significant barrier to ethnoracial representation. Although there is considerable evidence highlighting the benefits of board diversity, there is a lack of empirical studies investigating the direct influence of board diversity in moderating the relationship between directors' networks and corporate risk-taking (Chen et al., 2024; Fu et al., 2024). Previous studies propose hypotheses that board diversity improves the effectiveness of directors' networks in strategic corporate risk-taking.

3. Material and Methods

3.1 Identification

In this study, a systematic literature review (SLR) process was used to compile a significant collection of relevant literature. The process was initiated by selecting keywords, followed by identifying relevant terminology through dictionaries, thesauri, encyclopaedias, and prior scholarly works. Upon gathering all pertinent terms, the search strings were systematically formulated and applied to the Scopus and Web of Science (WoS) databases (see Table 1). This preliminary phase of the review resulted in identifying 4178 publications closely related to the research topic from the two databases. The identification phase of the SLR revealed that 4164 records were identified through Scopus and 14 through WoS using targeted keywords. Despite the breadth of these databases, the relatively modest number of identified records suggests that research at the intersection of these specific topics is somewhat limited, indicating a potential gap in the literature. This finding emphasises the importance of refining the review's conceptual focus to ensure comprehensive coverage, while simultaneously underscoring the need for

further exploration and synthesis of existing studies to establish a robust understanding of academic research concerning the influence of board diversity on the interplay between directors' networks and corporate risk-taking.

Table 1 *The search string*

Scopus	TITLE-ABS-KEY (("board diversity" OR "gender diversity" OR "board gender diversity" OR "Corporate Governance" OR "Independent Directors" OR "ethnic diversity" OR "ethnicity" OR "race" OR "cultural representation" OR "board-level ethnicity") AND ("director network" OR "network centrality" OR "leadership networks" OR "Social Trust" OR "interlocking directorships" OR "director interlocks" OR "collaboration networks") AND ("risk taking behaviour" OR "total risk" OR "upside risk" OR "downside risk" OR "risk-taking" OR "decision making" OR "risk-taking behavior" OR "financial risks" OR "risk spillover" OR "risk assessment" OR "corporate risk-taking" OR "risk-based decision-making" OR "financial decision-making" OR "Market Risks"))
	Date of Access: January 2025
WoS	TITLE-ABS-KEY (("board diversity" OR "gender diversity" OR "board gender diversity" OR "Corporate Governance" OR "Independent Directors" OR "ethnic diversity" OR "ethnicity" OR "race" OR "cultural representation" OR "board-level ethnicity") AND ("director network" OR "network centrality" OR "leadership networks" OR "Social Trust" OR "interlocking directorships" OR "director interlocks" OR "collaboration networks") AND ("risk taking behaviour" OR "total risk" OR "upside risk" OR "downside risk" OR "risk-taking" OR "decision making" OR "risk-taking behavior" OR "financial risks" OR "risk spillover" OR "risk assessment" OR "corporate risk-taking" OR "risk-based decision-making" OR "financial decision-making" OR "Market Risks"))
	Date of Access: January 2025

3.2 Screening

During the screening phase, relevant research items were carefully reviewed to ensure alignment with the predefined research questions, focusing on board diversity, directors' networks, and corporate risk-taking. This process involved evaluating studies and removing duplicate papers to refine the identified records for relevance and quality. Initially, 490 records were obtained from Scopus (n = 486) and Web of Science (n = 4). After removing two duplicate entries, a total of 488 unique studies remained for further analysis based on specific inclusion and exclusion criteria (see Table 2). The inclusion criteria prioritised literature that served as a primary source of practical recommendations, excluding studies published before 2024, as well as conference papers, books, reviews, and articles still in press. Furthermore, only studies within the fields of business, management and accounting were included, while studies outside these fields were excluded. This rigorous screening process ensured alignment with the review's objectives, enhancing the reliability and relevance of subsequent analysis.

Table 2 *The selection criterion is searching*

Criterion	Inclusion	Exclusion
Timeline	2024 – 2025	< 2024
Literature type	Journal (Article)	Conference, book & review
Publication Stage	Final	In press
Subject	Business, management and accounting	Besides business, management and accounting

3.3 Eligibility

In the third step, known as the eligibility phase, 488 articles were selected for detailed review. During this stage, the titles and key content of each article were carefully evaluated to ensure they met the inclusion criteria and aligned with the research objectives. From these, 1 article was excluded due to factors such as being outside the relevant field, having a title that was insufficiently related to the research focus, an abstract that did not align with the study's objectives, or the lack of access to the full text. Consequently, 21 articles were retained for in-depth

review and analysis, as presented in Table 3. This eligibility phase further refined the dataset, ensuring that only high-quality and directly relevant studies were included. The exclusion of a single record underscores the rigour of this step, which is essential for generating robust and meaningful insights in the systematic review.

3.4 Data Abstraction and Analysis

As illustrated in Figure 1, this study employed an integrative thematic analysis approach to synthesise 21 articles on board diversity, directors' networks, and corporate risk-taking. The analysis began with systematic and structured data extraction, which served as the foundation for the identification and iterative development of analytic themes. The authors collaboratively assessed findings, identifying patterns aligned with the review objectives. The evaluation process integrated iterative discussions among co-authors, in which discrepancies in interpretation were resolved through consensus. A reflective log documented analytic decisions and insights. Themes were refined across multiple cycles to ensure internal consistency and maintain conceptual clarity. Validation was conducted by two domain experts—one with 21 years of corporate governance experience and another with 17 years in accountability—whose feedback enhanced the thematic rigour. The process adhered to the PRISMA 2020 framework (Page et al., 2021) and followed Braun & Clarke (2006) thematic synthesis method. Final coding addressed two core questions: (1) Do directors' networks influence corporate risk-taking? and (2) Does board diversity influence directors' networks and corporate risk-taking?

3.5 Quality Assessment of Included Studies

A quality assessment using the JBI Critical Appraisal Checklist (Joanna Briggs Institute, 2017) was conducted on twenty-one peer-reviewed articles ($n = 21$), all of which were cross-sectional analytical studies. The assessment was based on five criteria: research clarity, measurement validity, analytical rigour, methodological robustness, and transparency. All studies met the minimum threshold, with most scoring 100% on the JBI criteria (5 out of 5), thereby enhancing the credibility of the review's synthesis, as detailed in Table 3.

Table 3 Number, details of primary studies (PS) database and overall quality score

No	Authors	Title	Year	Source title	Scopus	WoS	Overall Quality Score
1	Aksoy et al. (2023)	Board diversity and export intensity: the moderating role of firm size	2024	EuroMed Journal of Business	✓		100% JBI Criteria
2	Alzayed et al. (2024)	Does board diversity mitigate risk? The effect of homophily and social ties on risk-taking in financial institutions	2024	Research in International Business and Finance	✓		100% JBI Criteria
3	Amin et al. (2024)	Independent directors' connectedness and bank risk-taking	2024	Journal of Financial Stability		✓	100% JBI Criteria
4	Arena et al. (2024)	The lines that divide: Board demographic faultlines and proactive environmental strategy	2024	Corporate Governance: An International Review	✓		100% JBI Criteria
5	Arhinful et al. (2024)	Board governance and ESG performance in Tokyo stock exchange-listed automobile companies: An empirical analysis	2024	Asia Pacific Management Review	✓		100% JBI Criteria
6	C. E. F. Wright et al. (2024)	The Whiteboard: Decoupling of ethnic and gender diversity reporting and practice in corporate Australia	2024	Australian Journal of Management	✓		100% JBI Criteria

7	Chen et al. (2024)	Managerial interlocking networks and firm risk spillover: evidence from China	2024	International Journal of Managerial Finance	✓	100% JBI Criteria
8	Fu et al. (2024)	CEOs' hometown connections and corporate risk-taking: Evidence from China	2024	Emerging Markets Review	✓	100% JBI Criteria
9	Groutsis (2024)	The state of play of ethno-racial representation on boards: A comparative analysis	2024	European Management Journal	✓	100% JBI Criteria
10	Guo et al. (2024)	Governance network externality: Exploring systemic risk generation mechanisms	2024	Research in International Business and Finance	✓	100% JBI Criteria
11	Hui & Xie (2024)	Industrial internet technology, resource reallocation and corporate risk-taking capacity: Evidence from the strategic management perspective	2024	China Journal of Accounting Research	✓	100% JBI Criteria
12	Jiménez-Parra et al. (2024)	Drivers of corporate environmental policy at country, sector, and firm levels	2024	Journal of Management and Organization	✓	100% JBI Criteria
13	Li et al. (2024)	Multilayer asset association network, green technical cooperation innovation, and default risk: Evidence from China's high energy-consuming industries	2024	Journal of Cleaner Production	✓	100% JBI Criteria
14	Mateos de Cabo et al. (2024)	The board gender diversity imitation game: Uncovering the resistant boards that refuse to play	2024	Corporate Governance: An International Review	✓	100% JBI Criteria
15	Qiu et al. (2024)	Corporate environmental responsibility's influence on risk-taking in Chinese A-share listed companies	2024	Review of Accounting and Finance	✓	100% JBI Criteria
16	Wang et al. (2024)	Investigating the Role of Executive Intrafirm Alumni Networks in Top Management Fraud: Multilevel Study in China's Construction Industry	2024	Journal of Management in Engineering	✓	100% JBI Criteria
17	Wright et al. (2024b)	Interrogating diversity: Feminism and the deconstruction of Australian board appointment practices	2024	Corporate Governance: An International Review	✓	100% JBI Criteria
18	Liu et al., 2024	How to make ladies take higher risk? Female executives and corporate risk-taking in China: board social capital and marketization	2024	International Journal of Managerial Finance	✓	100% JBI Criteria

19	Y. Li et al. (2024)	Survive the economic downturn: Operating flexibility, productivity, and stock crash	2024	Journal of Operations Management	✓	100% JBI Criteria
20	Zhang et al. (2024)	Network Centrality and Dissent Voting by Directors on Boards	2024	Management and Organization Review	✓	100% JBI Criteria
21	Zhao et al. (2024)	A complex network analysis approach to bankruptcy prediction using company relational information-based drivers	2024	Knowledge-Based Systems	✓	100% JBI Criteria

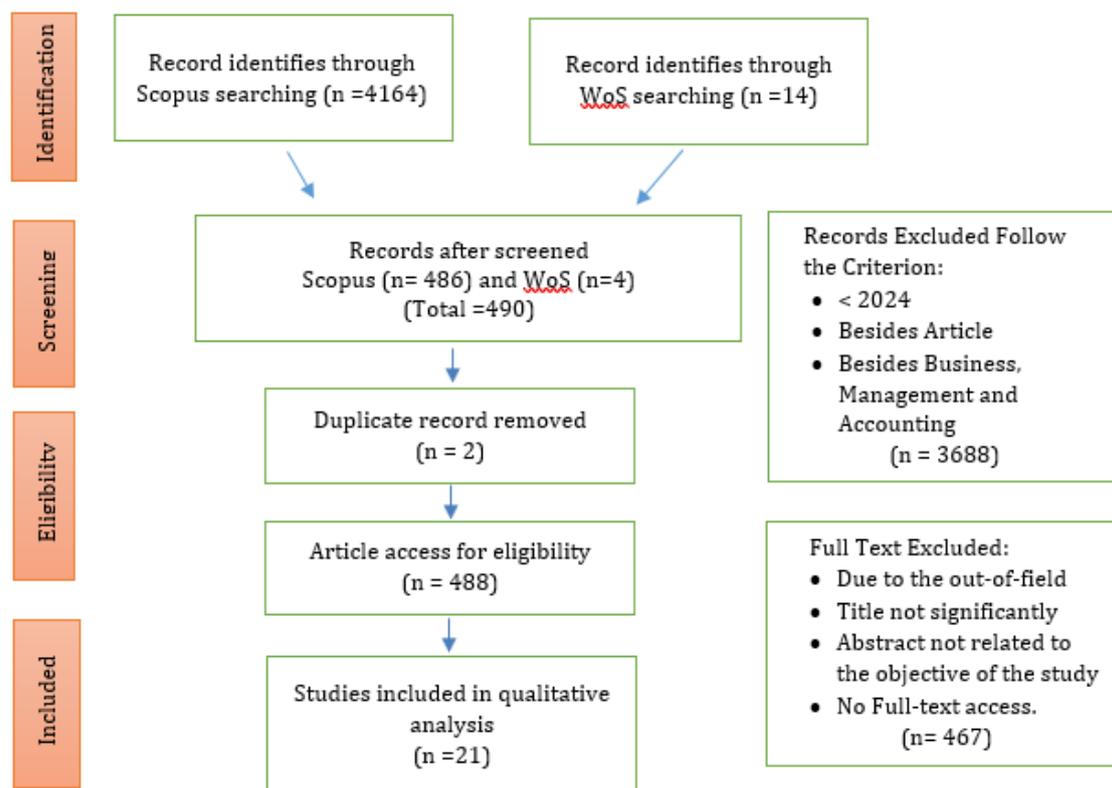


Fig. 1 Flow diagram of the proposed searching study

4. Result And Finding

4.1 Directors' Networks Influence Corporate Risk-Taking

Directors' networks significantly influence corporate risk-taking by relying on the structure of social networks, the effectiveness of corporate risk-taking, and the interconnectedness of these networks. From the perspective of directors' network structures, Fu et al. (2024) explored the impact of CEO hometown connections, which were found to reduce corporate risk-taking due to a lower risk propensity attributed to personal preferences and self-interest. This contrasts with findings by Amin et al. (2024), who associated directors' network centralisation with increased corporate risk-taking. Fu et al. (2024) results were more pronounced during periods of economic uncertainty and reduced market oversight, revealing differing effects of personal versus professional relationships on corporate risk-taking. The implications of corporate risk-taking effectiveness extend beyond the centralisation of directors' networks. Zhang et al. (2024) revealed that directors with highly centralised directors' networks were more likely to dissent against board decisions due to better access to information and concerns about reputation.

This indicates that well-connected directors' networks can function as critical monitors. However, their effectiveness varies depending on the company's transparency and media exposure. These findings reinforce the practical utility of directors' networks in strengthening corporate risk-taking frameworks. Chen et al. (2024). highlighted that the interconnectedness of directors' networks increases corporate risk-taking through decision-making conformity, with this effect amplified by economic policy uncertainty and cultural factors (Y. Li et al., 2024). Similarly, Amin et al. (2024) demonstrated that the interconnectedness of independent directors positively influences risk-taking, where influential independent directors often drive aggressive investment decisions. Collectively, these findings illustrate how directors' networks can accelerate systemic risk dynamics at the corporate level. In summary, the study highlights the complex interplay between directors' networks and corporate risk-taking. While directors' network centralisation and interconnectedness often empower directors' networks and amplify their influence on strategic decision-making in corporate risk-taking, they also introduce vulnerabilities, such as ethical failures and systemic risk spill overs.

4.2 Board Diversity Influence on Directors' Networks and Corporate Risk-Taking

This study examines the influence of board diversity through BGD and BED on directors' networks and corporate risk-taking, focusing on the company's context, governance architecture, and external institutional pressures. The relationship between BGD on directors' networks has been widely studied across various company's contexts. Previous studies highlight the challenges in translating the potential benefits of BGD into effective performance outcomes within corporate risk-taking structures. Studies by Aksoy et al. (2023) and Arena et al. (2024) illustrate the complex dynamics of BGD impacts. Alzayed et al. (2024) found that the impact of BGD on risk mitigation was limited in U.S. financial institutions, suggesting that the benefits of BGD are more apparent in socially and experientially diverse boards. Overall, the company's performance outcomes underscore that the effects of BGD depend on the structure of corporate governance.

Previous studies indicate that the influence of diverse boards, through the involvement of female executives, provides a more nuanced perspective on corporate risk-taking. A negative correlation has been observed between the presence of female executives and corporate risk-taking in Chinese companies, influenced by cultural and traditional values (Xu et al., 2025). However, the mitigating effects of directors' networks and regional market opportunities suggest a potential to enhance female executive involvement in risk-oriented decisions (Liu et al., 2024). This contrasts with broader insights offered by Jiménez-Parra et al. (2024), who found that BGD significantly contributes to more strategic and proactive corporate risk-taking. From a corporate risk-taking perspective, studies by Arhinful et al. (2024) and C. E. F. Wright et al. (2024) highlight systemic barriers to achieving meaningful BGD representation. Groutsis (2024) found that governance structures across regions significantly influence the success of diversity initiatives, with Australia showing the least progress despite external commitments. Social dynamics, particularly resistance to BGD, have emerged as significant barriers, as observed by Mateos de Cabo et al. (2024) and C. E. F. Wright et al. (2024). Notably, Mateos de Cabo et al. (2024) also identified strong opposition within male-dominated boards, which impedes the institutional uptake of BGD despite mimetic pressures within interconnected directors' networks.

A study on BED in directors' networks has shown mixed results across different company's contexts. Studies by C. E. F. Wright et al. (2024), Groutsis (2024), and Alzayed et al. (2024) provide in-depth insights into the challenges and implications of BED in corporate risk-taking structures. Alzayed et al. (2024) found that BED significantly mitigates corporate risk-taking in U.S. financial institutions, particularly when reinforced by strong directors' networks that enhance the governance impact of board diversity initiatives. Further studies by Arena et al. (2024), Arhinful et al. (2024), and Alzayed et al. (2024) explored the impact of corporate risk-taking structures on the effectiveness of BED within directors' networks. This finding underscores the need to align social subgroups within boards to minimise negative effects. Studies by Groutsis (2024) and Mateos de Cabo et al. (2024) reveal persistent systemic and social barriers to BED adoption in directors' networks, particularly in male-dominated boards where resistance to ethnic representation slows progress despite institutional diversity initiatives. Groutsis (2024) suggested that governance and regulatory arrangements play a critical role in determining access for ethnic minorities, with evidence showing that these barriers persist despite progressive policies. In conclusion, BGD and BED on directors' networks offer significant benefits, influenced by the diversity of the company's contexts. These findings underscore the importance of implementing robust institutional frameworks and intersectional approaches to bridge the gap between diversity policies and their practical integration into corporate risk-taking strategies, particularly in addressing systemic barriers and organisational resistance.

5. Discussion and Conclusion

Integrating BGD and BED into directors' networks yields notable advantages, although outcomes depend on the company's context, governance architecture, and external institutional pressures-related factors. Prior studies suggest BGD positively affects corporate risk-taking, moderated by company's size, market maturity, and board

dynamics. BED similarly shows mixed effects—enhancing both risk mitigation and strategic decision-making, contingent on company-specific contexts. Studies also highlight that female executive involvement contributes nuanced perspectives to risk decisions. Xu et al. (2025) reported a negative link between female executives and corporate risk-taking in Chinese companies, shaped by cultural values. However, Liu et al. (2024) emphasised that directors' networks and regional opportunities may strengthen female participation in strategic risk choices. In contrast, Jiménez-Parra et al. (2024) found a positive correlation between BGD and strategic corporate risk-taking, underscoring how board diversity within directors' networks can shape corporate risk-taking depending on broader institutional and sociocultural dynamics.

The effectiveness of BGD and BED initiatives continues to face systemic and structural barriers. Resistance within male-dominated boards, unclear regulations, and inconsistent regional policy implementation hinder widespread adoption (Groutsis, 2024; Mateos de Cabo et al., 2024). Despite institutional diversity efforts, social and governance structures limit access for ethnic minorities in directors' networks, especially where regulatory support is weak. Groutsis (2024) argues that regulatory frameworks significantly shape access, yet barriers remain persistent even under progressive policies. Regarding BGD, Arhinful et al. (2024) and C. E. F. Wright et al. (2024), demonstrate that resistance within boards constrains meaningful female representation. Mateos de Cabo et al. (2024) further highlight how male-dominated boards resist both BGD and BED efforts, even amid mimetic pressures embedded in director's networks. These challenges collectively restrict the transformative potential of board diversity in influencing strategic decisions through corporate risk-taking.

To fully harness the benefits of board diversity, companies must address systemic barriers and align corporate risk-taking frameworks with inclusive corporate governance practices. This requires robust policies, enforcement mechanisms, and intersectional strategies that reflect the interrelated dimensions of board diversity. Aligning board subgroups with normative pressures from social movements can support the integration of board diversity into risk governance, enhancing performance and sustainability. Ultimately, the influence of BGD and BED within directors' networks depends on company-specific contexts. These findings stress the need for strong institutional frameworks to bridge diversity policy implementation and its practical integration into corporate risk strategies. Studies underscore the critical moderating role of board diversity in shaping the relationship between directors' networks and corporate risk-taking, yet gaps persist across theoretical, empirical, and Malaysian-specific contexts. While theories like RDT and SNT offer insight into directors' networks, integration of demographic diversity—such as BGD and BED—remains limited. Previous studies often overlook demographic faultiness and internal-external network dynamics. In Malaysia, corporate risk-taking—comprising total risk, downside risk, and upside risk—requires deeper investigation within diverse boards and director networks. Future studies must address cultural resistance and demographic homogeneity, adopting a more context-specific approach to optimise company value and lower capital costs.

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Conflict of Interest

Authors declare that there is no conflict of interests regarding the publication of the paper

Author Contributions

*Mohd Hafiz Abdul Halim led the **conceptualization, design of the study and the data collection**. Roshima Said contributed to **coordinate the review process**. Mohd Faizal Jamaludin was responsible for **data analysis and interpretation**. Muslimah Mohd Jamil contributed to the **literature review and drafting of the manuscript**. All authors were involved in refining the methodology and reviewing the final version of the paper. All authors have read and approved the final manuscript.*

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