

WOMEN ON CORPORATE BOARDS. THE CASE OF 'GENDER QUOTAS' IN ITALY

Patrizia Pastore*, Silvia Tommaso*

*University of Calabria, Italy – Department of Business Administration and Law – Cube 3C – Ponte P. Bucci, 87036 Arcavacata di Rende Cs – Italy

Abstract

This paper investigates whether gender quotas have had success so far in their primary goal of reducing gender disparities in Italian corporate boards. Debate about gender equality on boards gained momentum and global prominence over the last years attracting attention of both researchers and practitioners worldwide. Despite a remarkable progress in education and their participation in the labor market, women still face large barriers to advance into upper management and boardrooms and gaps remain. Women are still under-represented in senior executive and board positions worldwide even if there is wide variation across countries. The present is a qualitative study that aims to contribute to the ongoing international debate about gender diversity on corporate boards (or lack thereof), providing current evidence from Italy, four years after the entry into force of Law 120/2011, establishing legislated quotas in order to ensure gender-balanced corporate boards. Using the samples of Italian listed companies and government-controlled companies tracked by Consob and Cerved respectively, findings show a substantial progress of female representation in Italian corporate boards (including governing and auditing boards) over the period 2008-2015 and reflect the extent to which women are shattering the *glass ceiling*, right before and after the implementation of the new (although controversial) gender quotas regulation. However, even though the number of women who sit on corporate boards has increased, it is necessary to ensure that the appointment of women is a board's genuine intention to become gender diverse and more effectiveness rather than evidence of a result driven by tokenism, designed to enhance corporate reputation and image.

Keywords: Corporate Boards, Corporate Governance, Women On Boards, Gender Diversity, Female Directorship

Although the study is the result of the joint work of the authors, they are individually responsible for the development of the following sections: Patrizia Pastore sections 1, 3, 4 and 7; Silvia Tommaso sections 2, 5 and 6.

1. INTRODUCTION

The board of directors is the most important decision-making body in a corporation. Its (gender) composition is a central and timely subject in corporate governance studies. A large body of theoretical and empirical literature stressed the importance of women's presence on corporate boards having examined the relationship between gender board diversity, quality of corporate governance system and firm performance. Many researchers have tried to measure the effects of female representation on corporate governance outcomes, competitive advantage and firm financial performance. However, the results are ambiguous and not yet clearly defined, partly due to different methods of sampling and analysis, but such studies help to assess the corporate strategies and, particularly, the impact of positive actions (such as gender quotas) adopted by some countries and their practical relapses.

Female representation in corporate decision-making is also an important issue for policy makers and the longstanding debate on quotas has led a number of European countries (after the leading

example of Norway in 2003) to introduce some kind of minimum compulsory quotas to promote a broader presence of women on the boardrooms of companies.

In Europe, compulsory quotas or some provisions in national corporate governance codes are part of the actions undertaken under the *European Strategy for equality between women and men* (for the period 2010-2015) and the *European Pact for gender equality* (for the period 2011-2020) which aim to promote and increase the women's representation at decision-making levels in politics and economics in particular in the corporate sector and, specifically, in governing and auditing corporate boardrooms. To confirm the gender equality as a fundamental EU value, on December 2015 the European Commission published its *2016-2019 Strategic engagement for gender equality*³¹. This emphasizes the need to integrate a gender equality perspective into all EU policies and funding programs and lists key action points for the next

³¹ The Commission document SWD (2015) 278 is available at: http://ec.europa.eu/justice/gender-equality/files/documents/151203_strategic_engagement_en.pdf

four years, clarifies timelines and indicators for monitoring.

Within this overall picture, Italy promulgated the Law No120 of 12 July 2011, imposing gender quotas on boards (so-called *pink quotas*) to balance women presence in the management and supervisory boards of companies listed on the stock exchange as well as those majority-owned by a government entity (for which the rule was enforced, respectively, from August 2012 and from February 2013)³².

In light of the above, the present study has a dual objective.

On the one hand, using a qualitative-descriptive approach, it contributes to the topic by providing evidence about the state of the art in the composition of board of directors and board of statutory auditors of the Italian companies listed on the stock exchange market and Italian government-owned companies (including state, province and municipality) four years after into force of the above-mentioned Law. Also, it gives an idea of the extent to which women have shattered the glass ceiling. The survey documents a significant women's progress on Italian corporate boards: more board seats held by women but they hold primarily non-executive positions, only 2.6% of executive directors are women (Consob, 2015).

On the other hand, according to the reviewed literature devoted to progression of women on corporate boards, it highlights which attributes of women on the boards influence the way that board works, the effectiveness of the decision-making processes and, consequently, the corporate performance and value.

The study is organized as follows. Section 2 presents the methodology employed in the analysis, the results of which are reported in Section 5. Section 3 presents the recorded progress towards a better gender balance on the corporate boards of the largest publicly listed companies across the European Union. Section 4 provides the relevant literature review devoted to board gender diversity and arguments the theoretical considerations for having more women on boards, their characteristics and impacts. Section 5 provides some descriptive statistics on female representation in Italian publicly listed companies and government-controlled companies both at the boardrooms and the chief executive officer level. Finally, Section 6 provides some concluding remarks and directions for future research.

2. DATA AND METHODS

Given the objectives, this study entailed the following two major steps.

Because Italian literature on this topic is still rather scarce (Hopt, Leyens 2004; Gamba, Goldstein 2009; Schwizer *et al.* 2012; Cucinelli 2013; Marcucci, Vangelisti 2013; Bianco *et al.* 2013; Zardo, 2013), it was reviewed the international literature and empirical studies (published in leading strategic, managerial and financial journals in the period 1985-2015, most of these accessed through electronic databases) devoted to women's representation on corporate boardrooms; to female CEO participation rates; to the obstacles faced by women on boards and to the relationship between board diversity and firm's performance in order to understand how and when board gender diversity influences: the quality of the decision-making process in the boardroom; the monitoring capability of the board; the firm's strategies and performances.

It was arbitrarily set the year 1990 as the starting point for the analysis because, to our best knowledge, no studies before 1990 have ever examined the specific issue, both theoretically and empirically.

This review shows why gender composition is an important topic in corporate governance (although the nature of the relationship remains partly unclear) and that certain special features of Italian boards must be taken into account when analyzing gender issues.

In order to quantify the progression of women's representation in corporate boards and in top executives positions in the four years after the entry into force of the new legislation, we conducted a qualitative-descriptive study, based on the most recent data (2015) processed by Consob for Italian listed companies and Cerved for Italian government-owned companies³³.

Our approach is based on the theoretical perspective discussed in Terjesen *et al.* (2009), which states that the influence of female directors can be analyzed at the board level and its composition. Also we considered the contents discussed in Gamba and Goldstein (2009) relating the gender composition of Italian corporate boards since 1934.

Specifically, our analysis allowed us to examine the dynamic changes in gender diversity practices within the Italian context and to test the proposition that increased women's representation on boards is likely to provide strong evidence of women having circumvented the "glass ceiling" (Morrison *et al.*, 1987; Powell, Butterfield, 1994). The latter represents a set of obstacles that mean an impassable wall or barrier made up of procedures, structures, power relations, beliefs or habits, which complicate a woman's access to high directive position.

We analyze women's progress in corporations by using the most common measures of women's participation in boards: (i) the percentage of companies that have at least one woman on their

³² Normally, the composition of the board is widely treated in a variety of corporate governance guidelines and best practices codes published internationally. In Italy, the best practices in corporate governance for Italian listed companies are outlined in the Self-Regulatory Code (Corporate Governance Committee, 2014), which provides guidance on the composition of the boards, on the appointment of the members of the boards, committees and board of statutory auditors, on the presence of independent directors and provides information regarding the compensation of directors but, however, the board diversity in terms of gender and the representation of women on boards are not considered (Schwizer *et al.* 2012).

³³ The Commissione Nazionale per le Società e la Borsa (CONSOB) is the public authority responsible for regulating the Italian financial markets. Cerved Group is the Italian leader in credit risk analysis and the top independent market player for credit management. It offers the most complete range of products and services used by around 34,000 businesses and financial institutions to assess the solvency and credit ratings of its business partners, monitor and manage credit risk through all its phases and accurately define marketing strategies.

boardrooms; and (ii) the proportion of women occupying board seats in the companies. The results provide evidence of significant progress of women in top management although women have not yet shattered the glass ceiling, whatever the extent of this presence considered: number of seats held by women in the board, the number of companies with a critical mass of female advisors, number of directorships held by each of the women executives.

3. WOMEN ON BOARDS OF EUROPEAN COMPANIES: AN OVERVIEW

Despite the increased number of highly-qualified and talented women (women account for about the 60% of graduates in the EU even if the situation between countries differs) and their participation in the labor market is on the rise (European Commission, 2015), women remain significantly underrepresented than men at the top of the corporate hierarchy, both in the boardrooms and in top management, in both the private and the public sector.

The European Commission believes gender equality to be crucial for the EU's growth and competitiveness and in its *Green Paper - Corporate governance in financial institutions and remuneration policies* (April 2011), assessed that "promoting women to boards has one indisputably positive effect: it contributes to increasing the pool of

talent available for a company's highest management and oversight functions". To this end, the Commission has promoted the *European Strategy for equality between women and men* (for the period 2010-2015), the *European Pact for gender equality* (for the period 2011-2020) and, more recently (December 2015), the *2016-2019 Strategic engagement for gender equality* which aims to promote and increase the representation of women at decision-making levels in politics and the economy, in particular in the corporate sector and, specifically, in governing and auditing corporate boardrooms.

So, in the recent years, several European State members, each with different approaches, have implemented a variety of policies, from the introduction of mandatory gender quotas (such as in Italy, France, Belgium, Germany) to voluntary regimes (such as in United Kingdom) to ensure more gender-balanced boards, as summarized in Table 1. The pioneer country to move in this direction has been Norway that, in 2003, established that at least 40% of directors should be women. Furthermore, European companies faced an increased pressure to raise the number of women on their boards and establish a gender equality among directors. The European Commission, also, regularly updates women directors on corporate boards statistics on the companies in all EU countries.

Table 1. Gender quotas regulation across European Member States

| <i>Member States</i> | <i>Share of women on boards¹, EU-28 average 22,7%</i> | <i>Quotas in place</i> | <i>Other national measures in place</i> |
|----------------------|--|--|--|
| Austria | 20,0% | Yes: only state-owned companies (35 % for supervisory boards by 2018) | Self-regulation: The corporate Governance Code of 2009 recommends representation of both genders in appointments to supervisory boards |
| Belgium | 26,0% | Yes: 33% for executives and non-executives in state-owned and listed companies-by 2017 and by 2019 (including listed SMEs) | Self-regulation: The corporate governance code of 2009 recommends that the composition of a board is determined on the basis of gender diversity |
| Bulgaria | 19,0% | No | No |
| Croatia | 22,2% | No | No |
| Cyprus | 9,0% | No | No |
| Czech Republic | 10,4% | No | No |
| Denmark | 25,8% | No | Boards in state-owned companies should 'as far as possible' have an equal gender balance; a man and a woman nominated for every vacancy (executives and non-executives). From 2013 - obligation to all companies (listed and non-listed) to self-regulate and set their own targets. A company can be fined if it hasn't set any target figures or hasn't submitted any reporting |
| Estonia | 8,1 % | No | No |
| Finland | 29,2% | No | State-owned companies are required to have an 'equitable proportion of women and men'; The corporate governance code for listed companies contains recommendation that 'boards shall consist of both sexes' |
| France | 35,6% | Yes: from 2011 - 40 % by 2017. Applicable to non-executive directors in large listed and non-listed companies | The AFEP-MEDEF corporate code: recommendation containing same quotas as in the Law of 2011, applicable to all board members |
| Germany | 26,1% | Yes: from 2016 - 30 % for supervisory boards of the listed companies that are submitted to parity co-determination (the roughly 110 biggest listed companies). | Other companies that are either listed or fall under parity co-determination have to set individual quantitative objectives of women on boards with regard to non-executive and executive board members and senior managers below board level and deadlines to achieve them. |

Table 1. Gender quotas regulation across European Member States - Continued

| Member States | Share of women on boards ¹ , EU-28 average 22,7% | Quotas in place | Other national measures in place |
|----------------|---|---|---|
| Greece | 9,8% | Yes, 33 % - only companies fully or partially owned by the State. Applicable to all board positions (executives and non-executives) | Soft positive action measures in public sector |
| Hungary | 17,8 % | No | Soft positive action measures in public sector |
| Ireland | 15,3% | No | A policy target of 40 % female participation on all state boards and committees; Soft positive action measures in public sector employment |
| Italy | 28,6% | Yes: 33 % by 2015 for listed companies and state-owned companies. Applicable to management boards and supervisory boards (i.e. executives and non-executives). | Yes |
| Latvia | 30,4% | No | Soft positive action measures in public sector employment |
| Lithuania | 14,3% | No | No |
| Luxembourg | 12,1% | No | Soft positive action measures; The Corporate Code of 2009 recommends the board to have an appropriate representation of both genders. The rule is applicable to all board members |
| Malta | 4,5% | No | No |
| Netherlands | 25,5% | Target of 30 % in the executive boards and supervisory boards of large companies - "comply or explain" mechanism. Measure to expire in 2016. | Self-regulation: diversity clauses in the Dutch Corporate Governance Code of 2009, applicable to both executives and non-executives; Voluntary Charter with targets for more women in management |
| Norway | | Required 40% of directors on boards | |
| Poland | 19,4% | No | The executive ordinance of Minister of State Treasury obliges state-owned companies to "choose adequately prepared members of supervisory boards, taking into account the balanced participation of women and men". The Code of good practices attached to that ordinance establishes a target of 30% for 2015 and a priority rule for equally qualified women. No sanctions are envisaged. |
| Portugal | 13,5% | No | A government resolution of 2015 encourages listed companies to attain 30 % of the under-represented sex at their administrative bodies by 2018 |
| Romania | 11,8% | No | Soft positive action measures in public sector employment |
| Slovakia | 12,7% | No | No |
| Slovenia | 21,5% | No | Regulation on state-owned companies: A principle of 40% representation of each sex applies to the nomination or appointment of government representatives to management and supervisory boards of state-owned enterprises (executives and non-executives). No sanctions apply if the principle is not respected. |
| Spain | 18,7% | Yes: 40 % (both executives and non-executives) by 2015 (but no sanctions, thus rather a recommendation by nature) in state-owned companies with 250 or more employees. New possible models under discussion | Soft positive action measures in public sector employment |
| Sweden | 32,6% | No | Self-regulation: The Corporate Governance Code of 2004 has a voluntary goal of parity for listed companies - "comply or explain" mechanism |
| United Kingdom | 27,8% | No | Self-regulation - from 2012 on the basis of principles of UK Corporate Governance Code (following the Lord Davies' recommendation). The recommended target for listed companies in FTSE 100: 25%, by 2015 is applicable to all board members. FTSE 350 companies recommended setting their own aspirational targets to be achieved by 2013 and 2015 |

Data: October, 2015.

Source: European Commission, Gender Balance on Corporate Boards, January 2016.

The average share of women on the boards of large publicly listed companies in the EU-28 Member States rose from 11,9 % in October 2010 to 22,7 % in October 2015 (Figure 2)³⁴. Since October 2010, the

share has risen of 10,8% in five years, an average of 2,2% per year (European Commission, 2016:2). Most of the significant improvements took place in countries that have taken legislative actions (establishing quotas or targets for gender

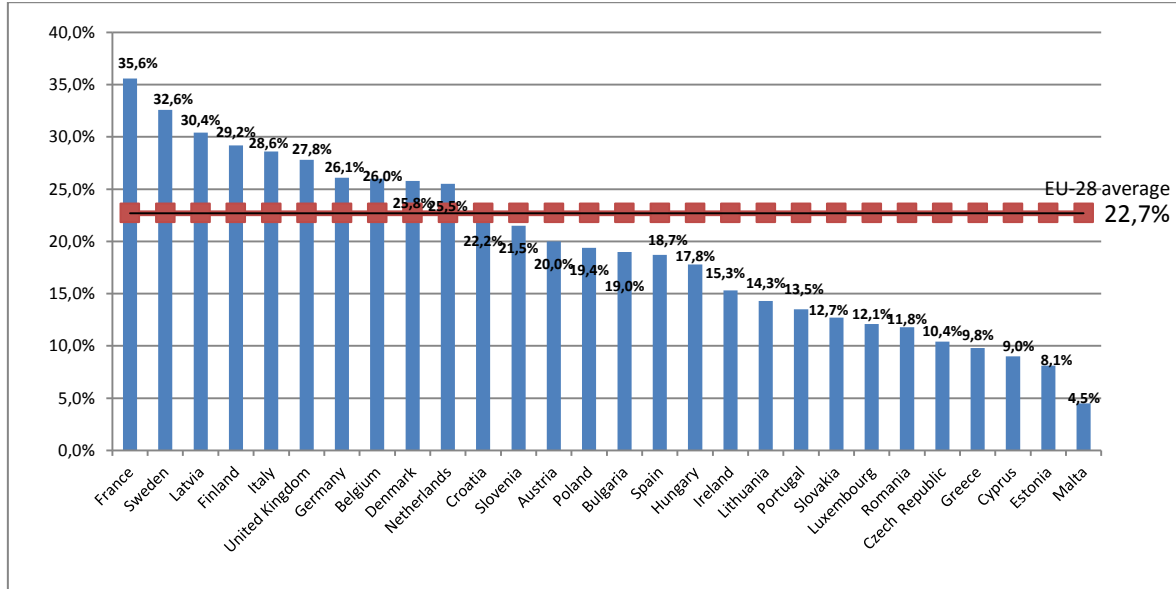
³⁴ The data, collected in October 2015, cover 615 of the largest publicly listed companies from the 28 Member States of the EU. Information is

available at: http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/index_en.htm

representation on company boards) and/or had an intensive public debate on the issue. Particularly, the largest percentage point increases were recorded in Italy (+24.1 pp), France (+23.3 pp), Belgium (+15.5 pp), United Kingdom (+14.5 pp), Germany (+13.5 pp),

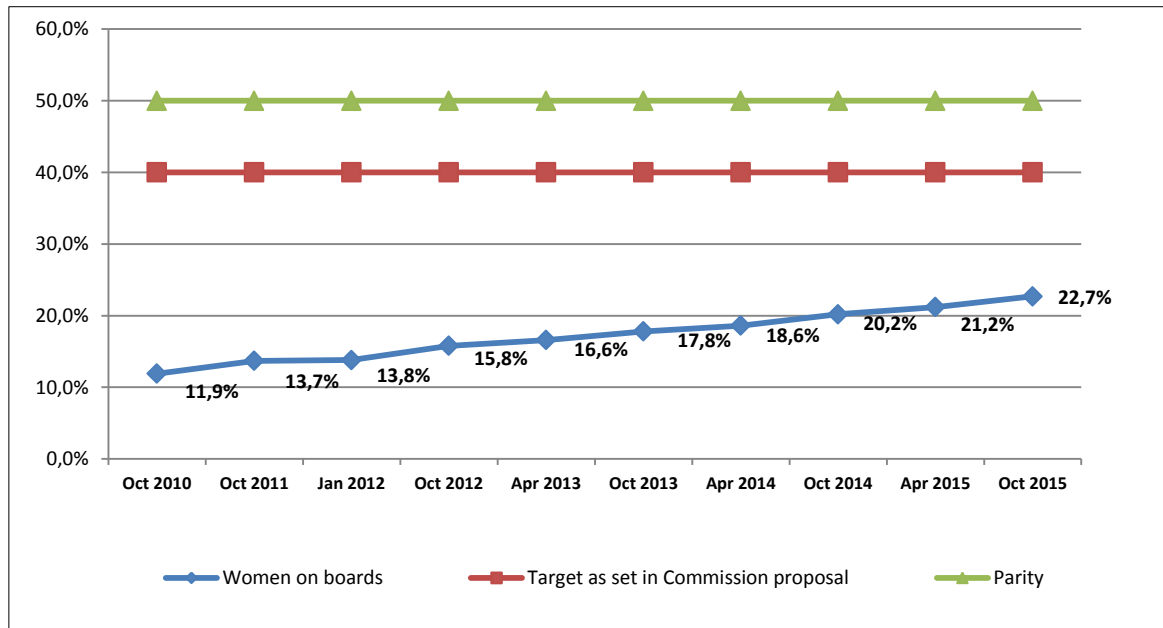
Slovenia (+11.7 pp) and Austria (+11.3 pp). This suggests that as more women gain experience in board service, gender diversity in top board leadership roles may increase.

Figure 1. Representation of women on the boards of large listed companies in the EU, October 2015



Source: European Commission, Gender Balance on Corporate Boards, January 2016, p.1

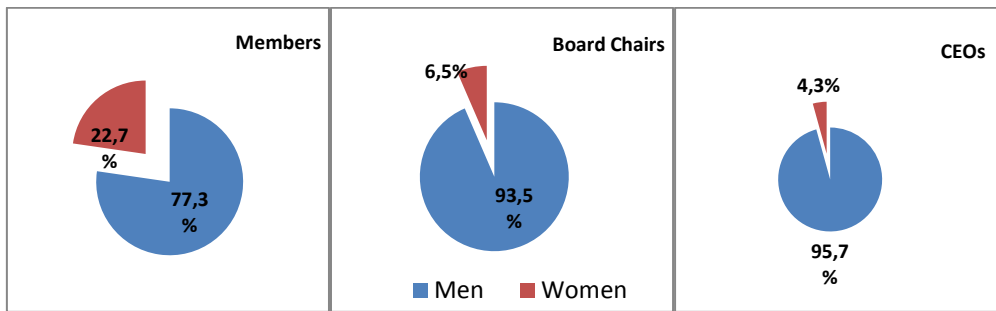
Figure 2. Share of women on the boards of large listed companies in the EU, October 2010-October 2015



Source: Our Elaborations on European Commission, Gender Balance on Corporate Boards, January 2016

However, this improvement in the proportion of woman amongst board chairs (it has more than doubled from 2.8 % in October 2011 to 6.5 % in October 2015), is not reflected amongst top executives (where arguably the real power resides).

Just 4.3 % of the largest listed companies in Europe have a woman as chief executive officer and this figure has hardly changed over the past four years (Figure 3).

Figure 3. Share of women board chairs and CEOs in the EU largest listed companies, October 2015

Source: European Commission (2016), 2015 Report on Equality between Women and Men in the European Union, p.26

Coherently to the surveys of the European Commission, the 2014 Egon Zehnder European Board Diversity Analysis (the sixth in a series of biennial studies initiated in 2004) profiles the boards of more than 350 of the largest companies across 17 European countries and compares (for the first time) the European findings with the gender diversity data from more than 550 large company boards in other 24 additional countries in the world,

including North America, South America, Asia, Middle East and Africa: this extended sample brings the total number of boards analyzed to nearly 1,000 worldwide (p.3). According to data published in the 2014 Egon Zehnder Report, at the end of 2014, the female representation on European boards is raised at 20.3%, progressively recovered if compared to 21.2% in the USA and to 22.6% in Australia (see Table 2a and Table 2b).

Table 2a. Gender diversity by European Countries (2014)

| Country | Companies | Companies with women board members % | Boards with women board members % | Board positions | Women | Men | % Board positions held by women |
|-----------------------------------|------------|--------------------------------------|-----------------------------------|-----------------|------------|-------------|---------------------------------|
| Austria | 6 | 6 | 100.0% | 103 | 11 | 92 | 10.7% |
| Belgium | 8 | 7 | 87.5% | 109 | 22 | 87 | 20.2% |
| Denmark | 8 | 8 | 100.0% | 104 | 21 | 83 | 20.2% |
| Finland | 6 | 6 | 100.0% | 53 | 17 | 36 | 32.1% |
| France | 58 | 58 | 100.0% | 821 | 234 | 587 | 28.5% |
| Germany | 44 | 41 | 93.2% | 938 | 156 | 782 | 16.6% |
| Greece | 6 | 5 | 83.3% | 81 | 8 | 73 | 9.9% |
| Italy | 19 | 15 | 78.9% | 272 | 55 | 217 | 20.2% |
| Luxembourg | 7 | 4 | 57.1% | 90 | 8 | 82 | 8.9% |
| Netherlands | 22 | 20 | 90.9% | 236 | 46 | 190 | 19.5% |
| Norway | 7 | 7 | 100.0% | 72 | 28 | 44 | 38.9% |
| Portugal | 6 | 5 | 83.3% | 115 | 6 | 109 | 5.2% |
| Republic Of Ireland | 14 | 14 | 100.0% | 160 | 26 | 134 | 16.3% |
| Spain | 20 | 17 | 85.0% | 284 | 44 | 240 | 15.5% |
| Sweden | 21 | 21 | 100.0% | 255 | 70 | 185 | 27.5% |
| Switzerland | 34 | 26 | 76.5% | 331 | 46 | 285 | 13.9% |
| United Kingdom | 70 | 69 | 98.6% | 796 | 180 | 616 | 22.6% |
| Europe 2014 (17 Countries) | 356 | 329 | 92.4% | 4820 | 978 | 3842 | 20.3 |
| Europe 2012 (17 Countries) | 353 | 305 | 86.4% | 4751 | 742 | 4009 | 15.6% |

European countries with the highest levels of female board members are Norway (38,9%), Finland (32,1%) France (28,5%), Sweden (27,5%) while those with the lowest levels of board positions held by women include Portugal (5,2%), Luxemburg (8,9%) and Greece (9,9%), the latter is the only European country to register a decline in the female board members number compared to 2012.

Gender diversity data presented in Table 3 suggest that the most significant increases were recorded in countries, such as Norway, France, Spain and Italy where, by implementing policies in support of the gender diversity, compulsory gender quotas systems have been introduced.

Comparable results were also achieved in countries such as Germany³⁵, UK and Sweden where there are no rules on the women's representation in listed companies but only "recommendations" contained in their respective Corporate Governance Codes, and where the percentage of women in policy-making positions has increased significantly over the period 2004-2014. In Italy, women's access to the labor market has been slower and more difficult than in other European countries. The number of women directors remains static, or grows only slowly, while the number of women trophy directors, those with four or more

³⁵ In 2015 Germany's lower house of parliament has passed legislation requiring large companies to allocate 30% of seats on non-executive boards to women. The new quotas came into force from 2016 and affect more than 100 listed companies with employee representation on their supervisory boards.

directorships, has increased rapidly. On average, European boards include 2.7 women (they were just 1.5 female members per board in 2008, see Fig.4a e Fig.4b); nearly one-third (31.8%) of all (728) new recently appointed directors in European boards are female, suggesting that board service is becoming a significant experience for women. However, in

absolute value, the female representation on European boards is dropped, from 8.6% in 2012 to 7.3% in 2014, suggesting that a woman can have more directorships and serve on multiple boards: indeed, each woman can play multiple positions as director and be a member of multiple boards.

Table.2b. Gender diversity: a comparison between East Europe, Asia, Africa, Middle East, USA, Canada, Australia (2014)

| Continent/Country | Companies | Companies with women board members % | Boards with women board members % | Board positions | Women | Men | Board positions held by women |
|---|------------|--------------------------------------|-----------------------------------|-----------------|------------|--------------|-------------------------------|
| AUSTRALIA | 30 | 29 | 96,7 | 288 | 65 | 223 | 22,6% |
| CANADA | 50 | 46 | 92,0 | 617 | 113 | 504 | 18,3% |
| USA | 100 | 99 | 99,0 | 1.190 | 252 | 938 | 21,2% |
| OTHERS AMERICA | | | | | | | |
| Argentina | 5 | 3 | 60,0 | 61 | 5 | 56 | 8,2% |
| Brazil | 20 | 10 | 50,0 | 188 | 12 | 176 | 6,4% |
| Chile | 5 | 1 | 20,0 | 45 | 2 | 43 | 4,4% |
| Mexico | 15 | 8 | 53,3 | 228 | 16 | 212 | 7,0% |
| MIDDLE EAST and AFRICA | | | | | | | |
| South Africa | 15 | 14 | 93,3 | 212 | 38 | 174 | 17,9% |
| Turkey | 10 | 6 | 60,0 | 102 | 11 | 91 | 10,8% |
| United Arab Emirates | 5 | 1 | 20,0 | 45 | 1 | 44 | 2,2% |
| OCEANIA | | | | | | | |
| New Zealand | 5 | 5 | 100,0 | 45 | 8 | 37 | 17,8% |
| ASIA | | | | | | | |
| China | 30 | 20 | 66,7 | 349 | 32 | 317 | 9,2% |
| Hong Kong | 50 | 36 | 72,0 | 646 | 72 | 574 | 11,1% |
| India | 30 | 23 | 76,7 | 373 | 33 | 340 | 8,8% |
| Indonesia | 5 | 5 | 100,0 | 74 | 9 | 65 | 12,2% |
| Japan | 100 | 36 | 36,0 | 1.187 | 39 | 1.148 | 3,3% |
| Malaysia | 10 | 8 | 80,0 | 94 | 12 | 82 | 12,8% |
| Singapore | 15 | 8 | 53,3 | 149 | 11 | 138 | 7,4% |
| South Korea | 20 | 3 | 15,0 | 190 | 4 | 186 | 2,1% |
| Taiwan | 15 | 4 | 26,7 | 155 | 9 | 146 | 5,8% |
| EASTERN EUROPE | | | | | | | |
| Czech Republic | 3 | 2 | 66,7 | 51 | 2 | 49 | 3,9% |
| Hungary | 5 | 4 | 80,0 | 86 | 8 | 78 | 9,3% |
| Poland | 5 | 4 | 80,0 | 75 | 11 | 64 | 14,7% |
| Russia | 20 | 10 | 50,0 | 266 | 15 | 251 | 5,6% |
| Total comparable sample - 2014 | 568 | 385 | 67,8 | 6.716 | 780 | 5.936 | 11,6% |
| <i>Totale comparable sample - Survey 2012</i> | <i>481</i> | <i>327</i> | <i>68,0</i> | <i>5.718</i> | <i>681</i> | <i>5.037</i> | <i>11,9%</i> |
| Europe 2014 (17 Countries) | 356 | 329 | 92,4 | 4.820 | 978 | 3.842 | 20,3% |

Source: Our elaborations on Egon Zehnder data (2014), pp.14, 16

Despite these progresses, women are under-represented in leadership and in prominent positions, such as chairman of the board of directors and chief executive officer. Particularly, women account for 2.6% of the chairmen of the boards (a comparable figure with the average of 3.7% across all other regions, increased compared to 1.7% in 2010 and 2012) and the 5.6% of the chief executive officers are women (a slight improvement compared with the earlier surveys: they were 4.2% in 2010 and 4.8% in 2012). However, female executive directorships (where arguably the real power resides) are still vastly outnumbered by males.

This matter confirms the lack of representativeness of the women in the Boards of Directors of companies globally: in many cases female directors may be mere window dressing and they have a mere token status (Kanter 1977) and they would be unable to wield a real decision making power (Hillman et al. 2007).

These findings are consistent with the existence (and persistence) of the so-called 'glass

ceiling', theorized and presented in significant academic studies and field-tested in the companies³⁶. The glass ceiling allows women "to see where they might go, but stops them getting there" (Nicolson, 1996:101), preventing them from progressing to the top or beyond a certain level of their professional careers (Daily et al. 1999; Terjesen et al. 2009).

³⁶ In their seminal book that birthed the term "glass ceiling", Morrison et al. (1987) describe the glass ceiling as a "transparent barrier" (including prejudices, lack of visibility, risk aversion, problems with work-life balancing), that prevents the vertically mobility of women, that keeps women, beyond a certain level in corporations, from rising above this level and advance higher in their careers *because they are women*. Removing the glass ceiling is more than ever necessary for two main reasons. First and foremost, the glass ceiling can lead to serious disillusionment and a more higher turnover among talented women who may have acquired valuable firm-specific knowledge and whose abilities are valuable to the organization" (Dang et al. 2014:909). Second, excluding women from prominent management roles and perpetuating this established fact can have a negative impact on corporate image and outcomes, providing a bad business culture to corporate stakeholders (Pfeffer 1981).

The international evidence suggests that women have not yet break through this 'glass ceiling'. Then, it remains a transparent (implicit and explicit, formal and informal) barrier -including procedures, structures, power relationships, beliefs or habits- which women must continue to fight against as they attempt to climb the corporate ladder and to reach senior positions in organizations, in all business sectors. Consequently, this results in a disproportionately low number of women senior executive officers at large corporations.

Moreover, the glass ceiling concept is also a gender bias that encompasses the possible discrimination which women may face when they are already members of boards of directors and boards of auditors. This additional invisible barrier, the "second glass ceiling" conceptualized by Li and Wearing (2004), obstructs professional talented women from senior management advancement inside corporations.

This occurs, especially, when women are appointed as independent directors on boards, without family or business/occupational ties with the corporate, less powerful and therefore they are considered less relevant (Arfken et al. 2004; Dang et al. 2014).

Over the past few years, the corporate governance literature has devoted considerable attention to the board composition of publicly traded corporations in terms of diversity of skills and attitudes, professional and expertise profiles, cultures and genders (Pfeffer 1973; Singh et al. 2008) and also to the drivers and barriers to women's participation in board of directors and chief executive officer positions (Bilimoria, Piderit 1994; Sonnenfeld 2002; Farrell, Hersh 2005; Arnegger et al. 2014).

The board diversity can be understood as the composition and combination of the different quality and characteristics of individuals/directors in terms of: age, gender, ethnicity culture, religion, constituency representation, independence, education, professional background, technical skills, careers and life experiences (Van der Walt, Ingley, 2003:219). A critical resource of the firms is their human capital and also their boards of directors. So different firms strategically appoint various individuals to their boards of directors and they rearrange the composition of their boards when the internal and external environmental conditions change (Hillman *et al.*, 2000).

Table 3. Trend in Gender Diversity by Country: Board positions held by women in 17 European countries 2004-2014 (in decreasing order)

| Country | 2004 | 2006 | 2008 | 2010 | 2012 | 2014 |
|-----------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Norway | 22.0% | 28.8% | 44.2% | 31.9% | 36.4% | 38.9% |
| Finland | 14.0% | 20.0% | 25.7% | 28.8% | 27.1% | 32.1% |
| France | 6.0% | 7.0% | 7.6% | 12.4% | 20.5% | 28.5% |
| Sweden | 20.0% | 22.8% | 26.9% | 28.7% | 24.6% | 27.5% |
| United Kingdom | 10.0% | 11.4% | 11.5% | 13.3% | 18.2% | 22.6% |
| Denmark | 4.0% | 17.9% | 18.1% | 13.7% | 17.0% | 20.2% |
| Belgium | 3.0% | 4.2% | 7.0% | 11.6% | 13.3% | 20.2% |
| Italy | 2.0% | 1.6% | 2.1% | 5.0% | 8.4% | 20.2% |
| Netherlands | 7.0% | 6.5% | 12.3% | 14.6% | 12.5% | 19.5% |
| Germany | 10.0% | 7.2% | 7.8% | 8.7% | 12.3% | 16.6% |
| Republic Of Ireland | n/a | 8.1% | 10.1% | 10.7% | 12.9% | 16.3% |
| Spain | 3.0% | 4.3% | 6.6% | 10.3% | 11.8% | 15.5% |
| Switzerland | 9.0% | 5.9% | 6.6% | 8.3% | 11.6% | 13.9% |
| Austria | 7.0% | 6.8% | 9.2% | 10.8% | 8.0% | 10.7% |
| Greece | n/a | 4.4% | 6.0% | 9.5% | 10.4% | 9.9% |
| Luxembourg | n/a | 0.0% | 7.2% | 6.2% | 6.1% | 8.9% |
| Portugal | n/a | 0.0% | 0.8% | 3.5% | 4.7% | 5.2% |
| Europe 2014 (17 Countries) | 8.0% | 8.3% | 9.7% | 12.2% | 15.6% | 20.3% |

Source: Our Elaboration from Egon Zehnder (2014), p.14

Figure 4a. Representation of Women on European Boards

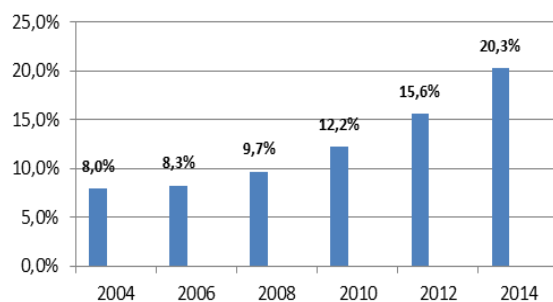
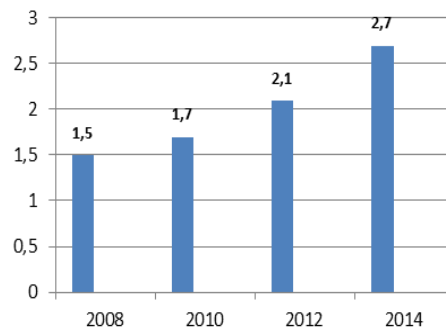


Figure 4b. Average Number of Women per European Board



Source: The 2014 Egon Zehnder European Board Diversity Analysis, p.8

4. WOMEN ON BOARDS AND THEIR IMPACT ON GOVERNANCE AND PERFORMANCE OF COMPANIES: AN INTERNATIONAL LITERATURE REVIEW

The gender gap on corporate management boards is at the same time an issue of equality, of company governance and economic performance.

Theoretical research highlights that diversity in boards composition is associated with the companies' success, reputation and image. Particularly, the heterogeneous board composition via greater female representation, on the one hand, increases its independence, promotes a better understanding of the marketplace, encourages the plurality of strategic approaches to business and the adoption of broader perspectives on the problems analysis, it improves the decision-making and monitoring processes of the board and influences leadership styles of the organization. On the other hand, the better decision-making processes within the boardrooms improves the shareholder returns and also, perhaps more importantly, it enhances the stakeholder engagement stabilizing and improving, consequently, the potential for sustainable growth for the company (Balasubramanian, 2013:21).

Most corporate governance research and, particularly, most studies on gender's diversity in corporate boards were based on the theoretical frameworks of the Agency Theory, the *Resource Dependence* Theory and Stakeholder Theory.

These theories claim that individuals' characteristics can influence the ability to monitor and advise the inside directors and provide outside connections (Bianco *et al.*, 2013: 5).

Firstly, the *Agency Theory* suggests that outside directors act independently from their inside director counterparts and act as good monitors for shareholder's interests. Similarly, the heterogeneity in the composition of corporate boards of directors and supervisory boards and also an increased qualified women's representation on corporate boards may produce several advantages and positive results in the interest of the shareholders. In particular, female board member presence:

a) can increase the independence of the boards, being women generally excluded from "old-boys clubs" (Jensen, Meckling, 1976; Yang, Konrad 2011) and improves the formulation of strategy as well as its subsequent impact on the financial performance of the firm (Ferreira, 2010; Luckerath-Rovers, 2013);

b) can positively affect the quality of the decision-making process in the boards, because women (and their different professional backgrounds), bring a different perspectives and a wider spectrum of viewpoints, different ideas, experiences and skill set (Hillman *et al.*, 2000; Singh *et al.*, 2008) to the board oversight, to the debate and to the decisions (Watson *et al.* 1993; Gilbert, Stead 1999; Baranchuk, Dybvig 2009; Bart, McQueen 2013) and therefore female representation becomes a competitive advantage for companies;

c) can enhance the monitoring process and governance sustainability (Kesner 1988; Van der Walt, Ingley 2003; Triana *et al.* 2014);

d) can improve performance and firm value creation process (Carter *et al.*, 2003) and allows to achieve the alignment of management and shareholders' interests.

Resource Dependence Theory, instead, emphasizes the board's key role as an essential link between the firm and the external environment and resources on which it depends (Pfeffer 1973; Pfeffer, Salancik 1978; Hillman *et al.* 2000), underlining that this link is crucial for maximizing corporate performance (Luckerath-Rovers, 2013: 493).

Then, this Theory explains why increasing women's proportion in the board may lead, under specific conditions, to a better decision-making within the boardroom, enhancing, on the one hand, the corporate governance outcomes and its quality and, on the other hand, the firm's performance (Terjesen *et al.*, 2009). Women can bring a different set of human capital resources and, hence, a particular kind of value added to the boardroom table. They are more diverse in skill or knowledge-based dimensions, they have the potential to consider a greater range of perspectives, in line with the wider interests which they are now being called upon to take and to generate more high-quality solutions to problems. Furthermore, some typical features identify the *women leadership styles*: flexibility, attention to people, ability to manage relationships with stakeholders, both internal and external, aptitude for mediation and management/resolution of conflicts within the organization (encouraging feedback and dialogue), willingness to share power and decision-making, collaborative (interactive) leadership style, tendency to give others responsibilities, a greater risk-aversion (Zelechowski, Bilimoria 2004; McKinsey & Company 2008; Bart, McQueen 2013). In this respect, Rosener (1997) argues that the enhancement of the typically female managerial skills: improves the quality of corporate governance and the functioning of the boards and committees; guarantees the best results in terms of employee productivity, innovation and profits; triggers the virtuous circle of a more objective ex ante selection (for merit and competences) and ex post (for contribution and performance), where all the talents and skills, male and female, have equal opportunities to emerge and receive equal assessment and remuneration (Adams *et al.* 2007). Ultimately, the presence of women directors brings these benefits by linking firms with stakeholders and provides the firm with prestige and legitimacy (Bernardi *et al.*, 2002) with regard to several groups of stakeholders such as employees, customers and investors (Luckerath-Rovers, 2013). This might improve corporate reputation and consequently corporate performance.

Finally, some scholars draw on *Stakeholder Theory* to suggest that including women on boards helps to better link an organization to its stakeholder system (Ntim, 2015:173). In this respect, the Stakeholder Theory (Freeman, 1984; Clarkson, 1995) posits that a firm's sustainability is determined, in large part, by the extent to which it considers the interests of its stake-holding communities. Thus, corporate boards are required to pursue outcomes that optimize the results for all involved stakeholders

rather than maximize the results for one stakeholder group (i.e., shareholders). However, addressing multiple stakeholder interests and demands requires a relational perspective and the ability to maintain positive relationships with those stakeholders. As far as gender diversity on board is concerned, particularly, some scholars argued that women on boards are more stakeholder oriented than male directors and, consequently, they can improve stakeholder relationships and increase the perceived legitimacy of the board of directors and therefore of the firm (Hillman et al., 2001). Then, women presence:

a) would raise the confidence of investors, who expect increasing accountability, transparency, moral duty from firms' directors (Galbreath, 2011:21) and ethical conduct of the company (Arfken et al., 2004). These aspects are reflective of effective or so-called 'good' corporate governance (Adams, Ferreira, 2009) and they can have a resultant positive impact on both economic growth and social responsiveness;

b) allows beneficial relationships with a broad stakeholder base, even if stakeholders have different and conflicting sentiments and demands (Freeman 1984; Donaldson, Preston 1995), complicating decision-making process at the board level (Wood, Jones 1995). In this respect, women are particularly adept at problem solving, are very skilled at dealing with complexity, strategic change (Haynes, Hillman, 2010; Nielsen, Huse, 2010) and ambiguity and demonstrate a strong orientation towards supporting and maintaining relationship. Then, they understand and better represent the needs of all stakeholders (Rosener, 1995; Biggins, 1999), they put a stronger attention to the handling of conflicts of interests (Brown et al., 2002), positioning firms not only to better understand the social demands of their constituent base, but also to aid in the formulation of strategic decisions and policies of the firm and to avoid costly missteps with wrong resolutions, especially those related to social responsibilities (Konrad et al., 2006).

c) enhances social acceptability of the firm, both external and internal. As far as the first point is concerned, diversity is also valued by external constituents, such as institutional investors and, as such, many firms want this to be made known. By recruiting women from senior management, can send positive signals to customers, shareholders and employees, and can help create a better understanding of those groups: the company helps to retain its employees and saves on costs of employee turnover and also puts the company more in touch with its customer base. On the internal side, women on boards signals that company values the success of its women and appoints them at the highest levels, protecting itself from claims of discrimination. Women appointed to corporate boards play a direct role in improving outcomes for other women within the organization: female board members represent career opportunities for potential female employees (Bilimoria, 2006) and for women who are working within the firms (female directors become their role models), inspire women employees to senior management roles (Bilimoria, Wheeler, 2000) and often engage in networking and

mentoring of women through corporate networks (Terjesen, Singh, 2008:55)

About the relationship between the presence of women on boards and quality of corporate governance there is a general consensus in saying that women might also contribute to enhance complex problem solving and improving the quality of strategic decision-making and the transparency in corporate governance practices (Van der Walt, Ingley 2003; Terjesen et al. 2009; Nielsen, Huse 2010). Some studies suggested that companies with a higher proportion of women on their boards are characterized: by a more accurately and efficiently functioning of the administrative and supervisory corporate bodies (Adams, Ferreira 2007, 2009); by a highest number of the board and control committee meetings (Gallego et al. 2010; Fitzsimmons 2012), by a generally higher attendance at board meetings than men (regarded as a proxy of the quality of firm governance), which in turn reduces the absenteeism rate of male members leading to the best possible strategic decisions.

The greater the fraction of women on the board, the better is the attendance behaviour of male directors (Villiers, 2010:544), the boards tend to be more active and demonstrate better results in terms of: client satisfaction; risk or audit management (Brown et al., 2002), fostering better decisions; an effective monitoring of the activity carried on by the Board and management and monitoring committees (Fondas, Salsalos 2000; Huse, Solberg 2006); a better quality of the report and a more intense activity of disclosure (Ararat et al. 2010); a greater ability to recognize the needs of different stakeholders. Also in this case evidence are not uncontroversial.

However, some researches (Rose, 2007; Baranchuk, Dybvig 2009; Ferreira 2010) have pointed out the possible negative effects of diversity. A higher percentage of women on boards generates longer board meetings to share different points of view and resolve disputes and this has a negative impact on operative performance of the board and on the monitoring results. The heterogeneity of interests represented within the board may increase the conflict, the difficulty of communication and the possible emergence of factions within the group which can lessen the board cohesion and negatively affect companies' performance (Dobbin, Jung, 2011:816). Moreover, Balasubramanian (2013:21) argued that a "constructive dissonance" may be more productive than a contrived cohesion.

However, the market consider the number of women in top management of the company as an element of good governance and rewards the companies that meet this condition with a higher market valuation (Wellage, Locke 2013) and a lower market risk (Olson, Currie 1992; Smith et al. 2006). Particularly, companies that are able to convey to the market a positive image of their governance are perceived as less risky and are rewarded with a lower cost of capital (Minguez-Vera, Martin 2010; Gul et al. 2010).

However, women on boards appear to face barriers (including gender discrimination and stereotyping) or some resistance in decision-making processes (described as a "glass cliff" by Ryan and Haslam, 2005, 2009), that might restrict their ability

to fully contribute to corporate strategy and oversight and, so, limit their influence on corporate governance outcomes that in turn impact performances.

Admittedly, women face an extremely difficult pathway to reach the corporate boardroom however where “critical mass” is achieved their impact can be substantial.

Related to these aspects, several studies have measured the weight of women in the activities of the corporate bodies using measures such as the share of firms with at least one woman on the boards of directors and the number (or the percentage) of seats held by women in the boards; the number of companies with a critical mass of women on boards and the number of directorships held by each woman.

Particularly, according to the Critical Mass Theory (Granovetter 1978; Kanter 1977; Konrad et al., 2008), women would be able to influence board decisions and performance only when they reach a certain “critical mass” (but experiential support is hard to come by): it means reached when on board there are “at least three women” (Erkut et al. 2009). The critical mass: allows women to freely express their opinions without fear of backlash and, also, ensure that their voice are heard and their ideas are taken seriously into account at meetings (Luckerath-Rovers 2013; Triana et al. 2014); strengthens the boards’ capacity to function properly and more effectively as regards both strategic decision-making and corporate management (Huse et al. 2011; Torchia et al. 2011); and reduces the token effect (Elstad, Ladegard 2010).

Empirical analysis related to the under-representation of women on corporate boards and executive positions led some Authors to argue that: a) in many cases female board members are mere tokens (Kanter 1977; Bourez 2005; Konrad, Kramer 2006; Konrad et al. 2008); b) often, especially within larger companies, the appointment of women as directors or senior managers (or the increased their representation on boards) is a strategic response to the social pressure exercised on firms from a broad set of people (which includes shareholder, large institutional investors, politicians and consumer groups), who otherwise (in case of manifest discriminating behaviour) would be lost their support to the activities and to the overall strategic plan of the company (Fields, Keys, 2003:12).

Clearly, if women are only appointed in a token fashion, they will have much less impact and could become socially and professionally isolated, so they are unlikely to be able to influence board effectiveness (Villiers, 2010:545).

To this regard, the gender quotas imposed by legislation could have negative effects, such as to involve women on the boards with less experience, without the appropriate expertise and qualifications required for membership to the board (in order to enforce the law) and exclude those able to positively impact the quality of board governance. The result is that such women enjoy less credibility within the boards and their opinions are more likely to be ignored or marginalized (Westphal, Milton 2000) making almost anything their influence on decision making.

Relating to the relationship between women on boards and their impact on corporate economic and

financial performance, empirical evidence from finance and accounting researchers delivers mixed and inconclusive results, reflecting the complexity of the factors involved and the different methods of sampling and analysis. Some recent studies suggest that companies with more women on boards bring better returns and outperform on the stock market valuation (Smith et al., 2006; Campbell, Minguez-Vera, 2008; Hoogendoorn et al., 2013).

As the main literature does, other studies, using the Tobin’s Q (Carter et al. 2003) and other accounting measures of performance (ROA, ROE, ROI and ROS) as a proxy of the corporate value, report comparable results (Erhardt et al. 2003; Catalyst 2007,2011,2015; Adams, Ferreira 2009). Whereas other studies yield opposite results revealing a negative association between number of women on boards and financial indicators (Francoeur et al. 2008; Minguez-Verà, Martin 2010). This evidence would suggest that the increased female presence on boards may reflect tokenism practices.

Still other studies argue that there are not solid empirical evidences supporting the hypothesis that the presence of women on boards influences the corporate financial performance (Van der Walt, Ingley 2003; Van der Walt et al. 2006; Rose 2007; Campbell, Minguez-Verà 2008; Marinova et al. 2010; Dobbin, Jung 2011). This result is justified on the basis of the social dynamics of the corporate decisions that are typically dominated by men. Therefore, to emerge, women need to appear efficient in men’s eyes, and thus should give up their natural characteristics gender to marry other more like consonants and perspectives of men. According to this theory, women on board would not be very different in their attitudes by men, because the assimilation of the attitudes and behaviours of existing male directors becomes inevitable for women on boards, leading to negation of the possible positive effects of the women’s diversity of the Board (Rose, 2007).

Consistent with prior evidence, a strand of empirical literature finds that companies with a higher percentage of women on boards and top management positions recorded a higher market valuation (Erhardt et al. 2003; Adams, Ferreira 2009; Adler 2010) and a higher market capitalization in Fortune 500 (Catalyst, 2011,2015) and FTSE 100 firms (Singh, Vinnicombe, 2004). However, also in this case, there is no lack evidence to the contrary. Other empirical studies reveal that companies that have more women on their boards record modest (Ujunwa 2012; Dale-Olsen et al. 2013) or even negative impacts on market valuation (Shrader et al., 1997; Carter et al. 2003, 2010; Farrell, Hersch 2005; Westphal, Bednar 2005; Rose 2007; Hillman et al. 2007).

Finally, some significant research reported a positive association between the percentage of women on boards and social performance indicators of the organization (Siciliano 1996; Singh et al. 2001; Miller, Triana 2009; Huse et al. 2011), which in turn attain profitability and superior financial performance (Waddock, Graves 1997). The visible presence of women directors on boards enhances corporate reputation and image (reputational effect), improves company’s standing in the corporate social responsibility indexes and, also, attracts

media attention (Fernandez-Feijoo et al. 2012). Related to this, Bernardi et al. (2009) shown that companies with a higher percentage of women on the board of directors are more likely to be part of the Fortune's 100 'Best Companies' list and also to be listed on the (Fortune 500) 'World's Most Ethical Companies' list.

5. FEMALE REPRESENTATION ON CORPORATE BOARDS OF ITALIAN LISTED COMPANIES. A DESCRIPTIVE ANALYSIS

One of the objectives of this study was to verify the female representation on corporate boards of Italian companies over the period 2008-2015 (four years before and three years after the coming into force of the Law 120/2011). Particularly, it was analyzed the composition of the boards of Italian listed companies and government-controlled companies using the most recent data (2015) published by Consob (for listed companies) and Cerved (for government-controlled companies). Overall, the data indicate that the appointment of women in Italian corporate boards has grown in recent years and also the companies where at least one board member is a woman have continuously increased. Among the companies that have appointed the Board of Directors after the entry into force of the Law, 100% of listed companies and 63% of government-controlled companies comply with the principles of gender equality. However, a large number of companies didn't apply the new rules or has not yet proceeded with the renewal of the board.

The female representation on corporate boards of Italian listed companies

This section of the study examines the Italian

companies with ordinary shares listed on Mta Stock Exchange organized and managed by Borsa Italiana spa. The analysis considers the companies listed on Mta at the end of each year 2008 to 2014 and at the end of June 2015 excluding companies under liquidation. Data for the analysis refer to the period 2008-2015 and were collected using the *Reports on corporate governance of Italian listed companies* published by Consob. The study is focused on composition of corporate board to verify if since 2012 (namely after the entry into force of the Law 120/2011) the presence of women on the boards of listed companies has increased.

The data confirm that the presence of women on the boards of listed companies has been, even in recent years, marginal. In 2008 (before the Law 120/2011 came into force) the female directors were 5.9% and increased by only 0.9 percentage points in 2010 (6.8%). Furthermore, in about 50% of cases, women are bound by parental relationship to the parent company; this has been observed more frequently in small companies, with concentrated ownership and operating in the sectors of consumer goods. Conversely, independent women occupied positions more often in enterprises with a distributed ownership and with younger board.

The implementation of Law 120/2011 and its entry into force subsequent August 2012 launched the positive trend in the number of women who sit on the Italian corporate boards and in the number of companies in which both genders are represented. At the end of June 2015, women account for 27.6% of all board of directors members (up from 7.4% in 2011) while the percentage of diverse-board companies rose to 98.7% of the total, up from 51.7% in 2011 (Table 4).

Table 4. Female representation on corporate boards of Italian listed companies

| <i>Listed companies</i> | | <i>Listed companies where at least one female director sits on the board</i> | | <i>Board seats held by women</i> | |
|-------------------------|------------|--|---|----------------------------------|--|
| <i>Year*</i> | <i>no.</i> | <i>no.</i> | <i>Weight on total number of listed companies</i> | <i>no.</i> | <i>Weight on total number of board seats</i> |
| 2008 | 288 | 126 | 43.8 | 170 | 5.9 |
| 2009 | 278 | 129 | 46.4 | 173 | 6.3 |
| 2010 | 268 | 133 | 49.6 | 182 | 6.8 |
| 2011 | 261 | 135 | 51.7 | 193 | 7.4 |
| 2012 | 253 | 169 | 66.8 | 288 | 11.6 |
| 2013 | 242 | 202 | 83.5 | 421 | 17.8 |
| 2014 | 243 | 217 | 91.9 | 521 | 22.7 |
| 2015* | 235 | 232 | 98.7 | 621 | 27.6 |

* end of June 2015.

Source: Our elaborations on Consob data (Report on corporate governance of Italian listed companies, several years).

The result was achieved despite Italy suffers from massive delays in the equality of gender in the labor market, with an employment rate of 47.0%, third lowest in Europe, followed only by Greece and Malta. These data indicate the important cultural development taking place in Italy. Not only the Board of Directors entirely formed of men are in the minority (9.5%) but, at June of 2015, the companies that have to comply with the Law 120/2011 have applied the rules above the minimum levels required (20%). It has to be noted that only a limited number of companies have attempted to circumvent the legal provisions; therefore the Consob intervened rarely to ensure the correct application of the rules on gender quotas.

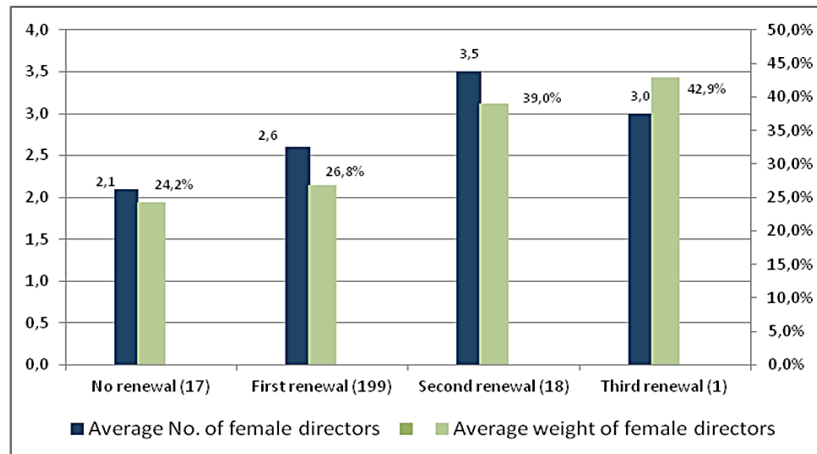
The gender composition is more balanced in

the companies which have renewed the board after the implementation of gender quotas provided by Law. At the end of June 2015 (Figure 5):

- in 199 companies which underwent the first board appointment, women on board of directors are, on average, 2.6 and they account for 26.8% of the directors (in line with the one-fifth gender quota applying to the first term (Consob, 2016, p.22);

- in 19 companies which underwent the second board appointment, women hold on average 3.5 board seats and account for 39% of the directors;

- in the 17 companies which have not yet implemented the legislative gender quotas, women hold, on average, 2.1 board seats and account for 24.2% of total board size.

Figure 5. Female representation and board renewals

Source: Our elaborations on Consob 2015

By industrial sectors, in the financial companies (where at least one female director sits on the board) women cover on average 3.1 board seats: this data is slightly higher as compared to 2.5 and 2.7 seats for industrial companies and utilities respectively (Table 5a). Whilst, considering the market capitalization, 3.6 female directors, on

average (equal to 29.3% of the total board), sit on the board of the Ftse Mib companies (i.e companies with the highest capitalization) whereas 3 women sit on the board of the companies included in the Mid Cap index and approximately 2.4 female directors (equal to 28.6% of the total board) are in the other listed companies, included in the Star category (Table 5b).

Table 5. Female representation on corporate boards of Italian listed companies by industry and by market index (end of June 2015)

| a) Female representation on corporate boards of Italian listed companies by industry | | | | | |
|---|--------------------------------------|---------------------------|---------------------------------|-----------------------------------|---|
| | Diverse-board companies ¹ | | | Average weight of women on boards | |
| | Listed companies no. | % market cap ² | Average no. of female directors | In all listed companies | In diverse-board companies ¹ |
| Financial | 52 | 100.0 | 3.1 | 27.6 | 27.6 |
| Industrial | 126 | 99.9 | 2.5 | 27.3 | 27.7 |
| Services | 54 | 99.9 | 2.7 | 28.5 | 29.0 |
| Total | 232 | 99.9 | 2.7 | 27.6 | 28.0 |
| b) Female representation on corporate boards of Italian listed companies by market index | | | | | |
| FtseMib | 36 | 100.0 | 3.6 | 29.3 | 29.3 |
| Mid Cap ³ | 41 | 100.0 | 2.9 | 25.8 | 25.8 |
| Star ³ | 63 | 100.0 | 2.4 | 26.4 | 26.4 |
| Other | 92 | 99.6 | 2.4 | 28.6 | 29.5 |
| Total | 232 | 100.0 | 2.7 | 27.6 | 28.0 |

¹ Diverse-board companies are firms where at least one female director sits on the board.

² Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all companies included in each industry / in each market index.

³ Companies both in the Star and in the Mid Cap indexes are included only in the Star category

Source: Consob, 2016:29.

As regards positions held by female directors within the Italian boards, women continue to hold mainly non-executive positions in the majority of cases and they keep serving as independent directors (Table 6). At June of 2015, only 2.6% (down from 3.2% in 2013) of women on boards are in Ceo position within 16 companies accounting for 0.9% of total market capitalization. A further 2.7% of women (up from 2.5% in 2013) has been appointed chairmen or honorary chairmen in other 16 companies, representing overall 22.1% of total market capitalization. In other 23 companies (accounting for almost 8% of market value) women

serve as deputy chairmen or executive director in 5.8% of cases (down from 8.1% in 2013).

Furthermore, it is interesting to note that women on boards serving as independent directors continue to rise constantly. Their number is increased substantially in size: from 244 women in 2013 to 333 in 2014 reaching 424 women at the end of June 2015. Their weight on board has progressively evolved from 59.8% in 2013 to 68.3% in 2015. Over the same period, the number of minority women directors has doubled from 20 women (equal to 4.9%) in 2013 to 42 women (equal to 6.8%) in June 2015.

Table 6. Positions held by female directors in Italian listed companies at the end of June 2015

| Positions | 2015 | | 2014 | | 2013 | |
|--|---|---|---|---|---|---|
| | Female directors | Listed companies where at least one female director sits on the board | Female directors | Listed companies where at least one female director sits on the board | Female directors | Listed companies where at least one female director sits on the board |
| | no. of directors (Weight on board seats held by women) | no. of companies (% market cap) | no. of directors (Weight on board seats held by women) | no. of companies (% market cap) | no. of directors (Weight on board seats held by women) | no. of companies (% market cap) |
| CEO | 16 (2.6) | 16 (0.9) | 16 (3.1) | 15 (1.0) | 13 (3.2) | 12 (0.7) |
| Chairman or honorary chairman | 17 (2.7) | 16 (22.1) | 16 (3.1) | 15 (27.5) | 10 (2.5) | 9 (0.4) |
| Deputy chairman or member of the executive committee | 36 (5.8) | 34 (9.6) | 32 (6.1) | 32 (7.5) | 33 (8.1) | 33 (8.2) |
| Independent director | 424 (68.3) | 199 (98.3) | 333 (64.0) | 168 (93.5) | 244 (59.8) | 138 (63.1) |
| Minority director | 42 (6.8) | 34 (58.0) | 37 (7.1) | 32 (58.9) | 20 (4.9) | 18 (26.9) |

Source: Our elaborations on Consob data (Report on corporate governance of Italian listed companies, several years).

Further board female-members attributes derive from the analysis of board diversity reviewed across other characteristics such as age, education and directors' family ties with the controlling shareholders (so called family directors) and the board meeting attendance (regarded as a proxy of the quality of corporate governance, as described above). The quota system, in other words, seems to trigger a change in the selection of directors, with a strong incentive for companies to exclude lower-skilled men in favor of competent women, thus increasing the average quality of its representatives, which presumably will act more effectively and may lead to better results.

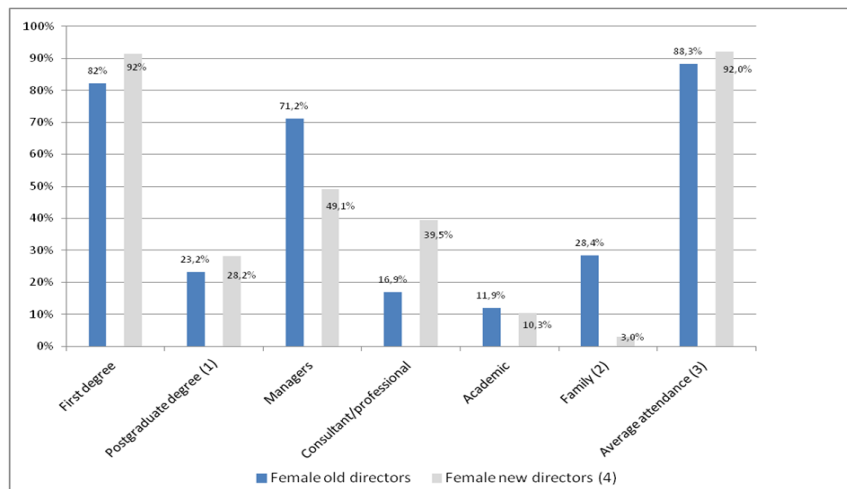
Particularly, compared to either newly-appointed male directors and women directors appointed before the implementation of gender quotas (Figure 6), women newly-appointed (i.e. after the law 120/2011 coming into force in 2012):

- are younger (they are aged on average 49) than either male directors (54.8) and women directors appointed before December 2012 (52.6);
- have a stronger educational background as documented by the proportions of those holding a first degree (91.5% versus 85.5% and 82.2% respectively) and a postgraduate degree (28.2% versus 23.3% and 23.2% respectively);
- are predominantly professionals or consultants (39.5% versus 21.8% and 16.9% respectively).

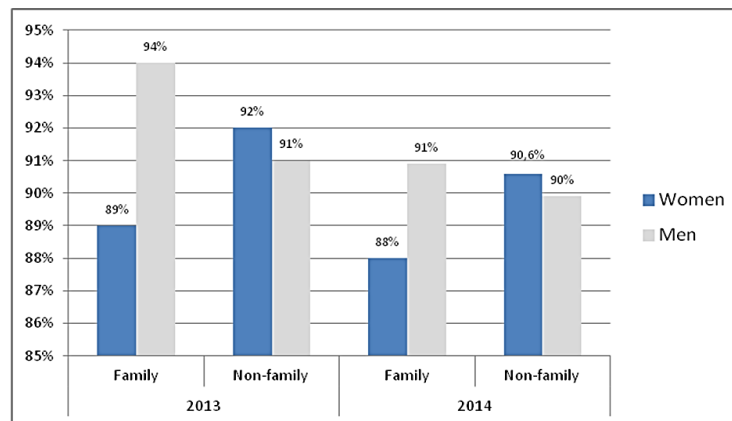
Furthermore, in a country like Italy where family capitalism plays such an important role, it is very interesting to find that women newly-appointed are less frequently affiliate to the family owning companies and rarely linked to the controlling shareholder (3% versus 28.4% and 5.2% respectively).

Finally, the larger the board, the more likely it is that women sit on it.

Focusing on the board meeting attendance, the data show that directors overall attend on average 90% of board meetings but newly-appointed female directors and non-family women show higher attendance rates than others women. On the one hand, female board members attend on average 92.0% of board meetings versus 88.3% of the previously hired women (and 89.9 of the newly-appointed male). On the other hand, we remember that in the Italian context, several companies, even listed on Borsa Italiana spa - Mta Stock Exchange, are family-owned companies (over 85%). In this respect, even if the participation rate is quite homogeneous across family and non-family directors (90.3% versus 90.1%), the average percentage of board meetings attended by female non-family members is higher than that recorded for family women: 90.6% versus 88.0%. Men show homogeneous attendance rates, regardless of seniority of the appointment and the link with the controlling shareholder (Figure 7).

Figure 6. Directors' attributes and board meeting attendance in Italian listed companies by gender and tenure (end of 2014)

- (1) Average percentage of board meetings attended by the directors included in each category (directors appointed during the year who have been in charge for less than 200 days are excluded).
- (2) Number of directors linked through a family connection to the controlling shareholder (being the controlling shareholder himself or a close relative) in percentage of the total number of directors included in each category.
- (3) Number of graduated directors who attended a postgraduate course and/or hold a PhD in percentage of the total number of graduated directors in each category.
- (4) Directors appointed after December 31, 2012.
- Source: Our elaborations on Consob 2015

Figure 7. Board meeting attendance in Italian listed companies by gender and relationship with the controlling shareholder (end of 2014)

The director is either a family member of the controlling shareholder or is the controlling shareholder.
Source: Our elaborations on Consob 2015

6. WOMEN PARTICIPATION IN THE GOVERNING BOARDS AND AUDITING BOARDS OF GOVERNMENT-OWNED COMPANIES

Likewise to what happens for private companies, similar increases can also be observed in the both governing and auditing bodies of companies that are controlled by (one or more) Italian public (central and/or local) bodies (at least 50% owned).

According to latest Cerved data available (April 2014)³⁷, after February 2013 (when it became

mandatory for government-owned companies to assign at least 20% of board seats to the less represented gender), women represent 17.2% (just over 4,000) of the 24 thousand prominent positions (i.e. directors, members of the board, auditors) in the roughly 4 thousand government-owned companies³⁸.

do so. Cerved has drawn from its information portal for and about the public sector (Cerved PA), where over 12,000 public bodies, 14,000 government-owned companies and over 500,000 suppliers to public bodies are tracked, including information concerning over 750,000 high-ranking positions.

³⁸ Of these 4 thousand companies about 2,500 are owned by municipalities, 400 by provincial governments, 270 by regional governments and 800 by non-local government entities such as the Ministry of Economy.

³⁷ Cerved has the task of compiling a register of companies that are controlled by Italian public bodies to use as a basis for the Department to then fulfil its role of monitoring and overseeing equal opportunity issues. To

Women are more present in the statutory auditor boards (including active and alternate members) than in the board of directors: probably it is due to the fewer number of openings (normally three or at most five members, plus two alternates) as required to the Italian supervisory bodies. Nearly 8.8% of the companies with a sole director are managed by a woman; women account for 14% of the members of the Board (holding only 1,800 of the over 12 thousand board seats), for 18.2% of the permanent auditors and for 24.7% of the alternate auditors (Figures 8a, 8b).

Interestingly, the presence of women is wider in the boardrooms of local government-owned companies (regions, provinces, municipalities) than in the other different public entities. Particularly, women on the boards of directors account for 15.8% in the municipally owned companies; 14.4% in the companies controlled by provincial governments and 14.6% in the regional government-owned companies compared to 12.6% in the public entities other than local/regional governments (Figure 9).

Also with reference to the statutory auditor boards female representation is higher in the local government-owned companies than those observed in the other different public entities: it is recorded a percentage ranging from 18 to 20% compared to 14.9% of the latter.

From the geographical point of view, the government-owned companies based in the North East and North West of Italy have the largest numbers of women into governing (respectively 15.4% and 15.6% of women on the boards) and auditing bodies (respectively 18.4% and 20.2% of women auditors). Positive results were also observed for the Centre of Italy, where women are 14.9% of

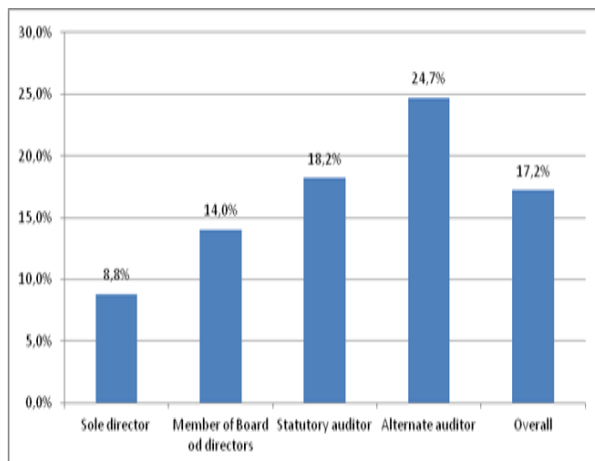
directors and 17.2% of statutory auditors. While the companies located in the Southern Italy and Islands recorded the lowest percentage of women on the boards (they are only 12.7% of directors) and among the active and alternate auditors (respectively, 16.8% and 21.5%). The alternate auditor is the position where the percentage of women is highest also by geographic region (Figure 10).

Out of 4,000 government-owned companies that are compliant with the gender quotas, 1,400 have renewed only the board of directors while 800 companies have appointed only new auditing boards (both with regard to the active and alternate auditors) and other 400 have elected new members for both boards.

After one year the law took effect, in the 63.2% of the companies that have voted in new boards of directors the proportion of female members is over 20% and therefore they are compliant with the Law. Instead, in the 33.6% of the companies that have not yet reappointed new boards of directors the presence of women is increased, ensuring gender balance in their governing and auditing bodies. Overall, women represent the 21% of the members of newly elected boards against just 11.2% of the members on boards that have not been renewed. This highlights that the gender balance principle has been effective.

Fulfilment of the gender quotas is more widespread among companies that are majority-owned by local/regional governments (79% for regionally owned, 64% for provincially owned and 65% for municipally owned), whereas more government-owned companies are behind schedule, with only 55% compliant.

Figure 8a. Women in prominent roles in government-owned companies (% of total with each job title)



Source: Cerved (2015)

Figure 8b. Government-owned companies with at least 20% of Board seats held by women

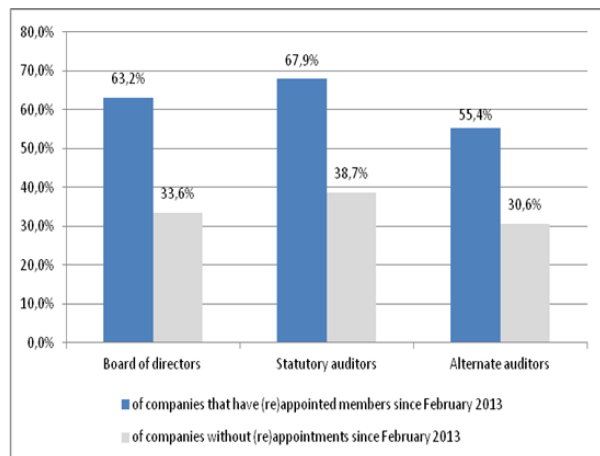
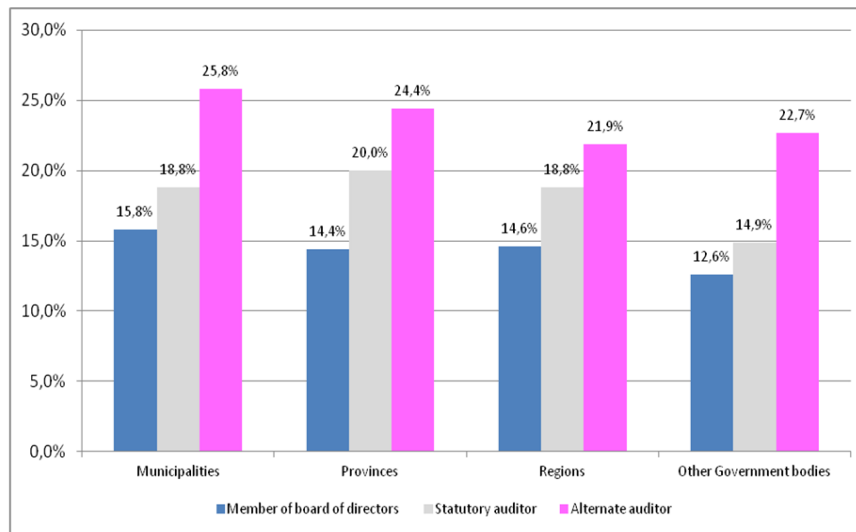
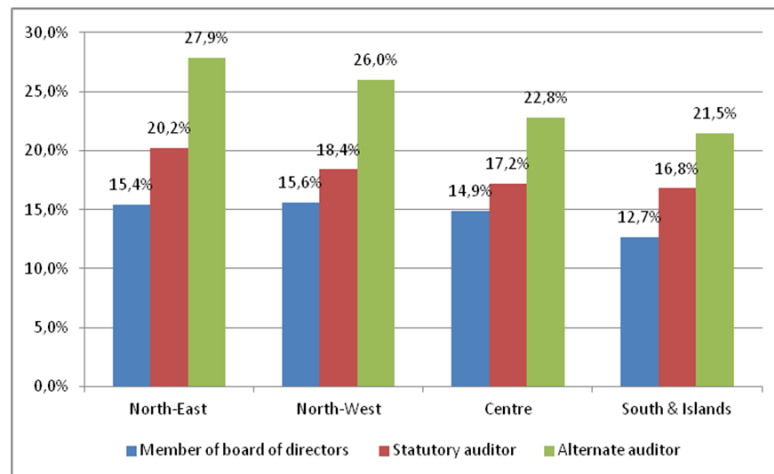


Figure 9. Women on Boards of government-owned companies: breakdown by type of majority owner

Source: Cerved (2015), p.2

Figure 10. Women on Boards of government-owned companies: breakdown by geographical area

Source: Cerved (2015), p.3

With reference to the re-appointed boards of statutory auditors, 68% of state-owned companies are gender balance compliant in terms of active statutory auditors, while 55% are compliant in terms of alternates. Instead, among companies whose boards of statutory auditors have not yet been renewed at May 2014 are only 39% and 30.6%, respectively. Female active auditors represent the 23.5% of all re-appointed statutory auditors (compared to 15.5% among those that have not renewed their boards) whilst female alternate auditors represent nearly one-third of all those re-appointed (compared to 20.6% among the non-compliant companies).

However, despite the increase seen in the female representation in prominent positions in companies that are (majority) owned by the state or a local government, yet there are still a large number of companies that are behind in complying with the Law no.120/2011, as well as a significant number of companies that appear to have evaded deliberately the rule. In respect of this, Cerved analysis highlights that 227 of the 1,367 companies have changed their governance format from a board

system to a sole director since the quota legislation took effect, thus becoming exempt from the law. Given that the sole director is a woman in less than 5% of these companies, one might suspect that in many cases this governance changes were enacted for evading the new law.

The results achieved in the first years of implementation of the Italian gender quota law are encouraging both for companies listed on the stock exchange, as well as those of unlisted companies owned by the Italian central government or local government entity: women are increasingly represented in governing and auditing boards; after the reform, quotas are associated with female board members younger and more educated with post-graduate degrees.

The effect of the rule is more evident when compared with the private unlisted companies.

Cerved database for the balance sheet data show that in unlisted companies with turnover above ten millions euro, in fact, female presence has increased in recent years to just over 1.5%: this figure is far from the increases recorded by the companies where the gender quotas must be

observed.

Certainly, a main question still remaining is related to the prominent positions: female chief executive officers are very few and also the number of women covering the role of chairman remains distinctly unsatisfactory. However, to help boost female presence in the boards of directors and among prominent positions the introduction of gender quotas is not enough. It is necessary a cultural leap and, above all, a greater awareness that a wider presence of women on boards could improve business performance and reduce the risk of default.

In this regard, Cerved data show that women-led companies are also characterized by an improved ability to generate profits: on average, these companies have achieved 6.9 euro gross operating margins per 100 euro turnover against 6.5 euro of male companies over the period 2001-2007. Moreover, data show that when the board of directors mainly consists of women, the probability for the company to fall into a worst rating class is reduced by a percentage equal to about 15% compared to the companies where women still form the minority on the board or they are absent. Finally, the presence of women on boards is associated with a lower percentage of companies which are in default or which have closed down.

According to statistical models developed by Cerved (2012), the probability of default of a company is equal to 6% when at least one woman is part of the company's board and to 7.1% in enterprises with a completely male board. In companies where women occupy prominent positions (as director CEO or president) the risk of default then drops to 3.8% against 6.7% estimated between companies that have a man as president or CEO.

The overall results are encouraging.

Since the application of the quota Law, the presence of women on the boards of directors of listed companies (and their weight on these) has increased significantly since 2012 (+20%): at the end of June 2015, women account for 27.6% of all board of directors members (up from 7.4% in 2011) while the percentage of diverse-board companies rose to 98.7% of the total, up from 51.7% in 2011 (Table 4).

On the one hand, more women on the boards, induced by gender quotas, can have potential positive effects on both governance and financial performance outcomes, as shown by the literature. On the other hand, the women's compelled appointment on boards is not free of risks if either not enough experienced women are available or inadequate selection process leads to reduced board quality. So, quotas would force companies either to pad their boards with token non-executive directors, by not considering merit. This is not right for an effective corporate governance. To this regard, Matsa and Miller (2013) found that women appointed to boards in Norway as a consequence of enforced quotas were found to be younger, less qualified and less experienced and this has seriously damaged the performance of those companies.

In Italy, where the family-controlled companies are predominant, it is more than likely that boards would be composed of unwilling or unsuitable women from the family in the name of compliance. Policy-makers would be well advised to take heed:

rather than foisting artificial numbers on corporate boards, it may be more appropriate to provide interested women with adequate skill for board membership. More important than focusing on outcomes (as unfortunately most of affirmative action initiatives do), the emphasis should be on building capacity by appropriate inputs.

To generate a real virtuous effect, top management must ensure a visible commitment, monitoring the gender profile of its population (percentage of women recruited, promoted, encouraged, comparisons of the remunerations, etc.), and ensuring a greater transparency of these data. Finally, adopt policies that help support gender diversity in recruitment and selection, to attract talent in all areas, in career paths and opportunities for access to management positions, in the work-life balance policies.

7. CONCLUSIONS, LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study has investigated whether the Italian reform has had success so far in its primary goal of reducing gender disparities in Italian corporate boards.

Female board membership has received significant attention in academic literature as well as governments worldwide have put in place reforms to ensure equal opportunities and promote greater gender diversity in the boards of companies and in top management generally.

This study, on one hand, reviewed the most up-to-date and significant studies of women on corporate boards and it has identified what is known about how women on boards influences corporate governance and firm performance. On the other hand, it has highlighted that levels of female presence on Italian corporate boards (both in private and government-owned companies), like in many countries around the world, have grown, thanks to compulsory quotas to advance gender equality in prominent positions of companies

The legislation appears in fact to have been very successful, with women holding 27.6% of board positions in public limited companies and 17.2% in the government-owned companies.

There are numerous companies that have adapted to the new criteria even before the rule came into force. The recruitment system seems to be affected positively by the new rules: the level of education has increased and decreased the average age of members of the boardrooms. Women's access focuses mainly on non-executive roles, only 2.6% of CEOs are women; this proportion rises to 8.8% in the government-owned companies. The first data bodes well that the observed trend will continue and that new renewals will bring other benefits to the statistics.

However, the Italian legislative measure is temporary (with 2022 being set as the deadline for depletion of the effectiveness of the Law 120/2011; 2023 in the case of companies renewing their board in 2015) and it is difficult to evaluate whether this provision is really the most appropriate choice. In the timeframe of just ten years, it is hoped to achieve the objective of removing barriers that until now have limited the access of women to leadership

roles, fostering a culture to support renewal process greater meritocracy and growth opportunities.

In the same timeframe, women who sit on the boards will have the responsibility to assert their skills and be able to contribute to the value creation: the goal is to have no more need for a law, and, by 2023, to overcome the issue of the gender, applying to corporate office who has the most suitable characteristics for that role, man or woman. Companies are gearing up to adapt themselves to changes in favor of women introduced by Law. It is too soon to establish the short-term and long-term performance of female board members.

Generally more heterogeneous groups can make use of different points of view, taking into account a broader set of possible solutions, debate the views of others with greater vigor, thus leading to higher quality decisions, especially when (as with the decisions of the top management) the task requires to analyze and process a lot of information. It's true that diversity can also lessen social cohesion, generating conflicts, create less comfortable within the group, but not necessarily this results in a lower performance; on the contrary, within a certain level it generates better decisions. Especially when the decisions to be taken are "non-routine", as in the board, the benefits of diversity would seem to outweigh its costs.

While it is likely too early to draw definitive conclusions about the Italian case, some preliminary considerations can be drawn. The evidence reported in this paper suggests that the results obtained in the first three years of application of the Law, are certainly encouraging for women seeking a path towards breaking the glass ceiling that prevents them from occupying the top positions and to express more power (women's representation has grown consistently). But progress recorded mainly affects non-executive positions: women are independent directors in 68.3% of cases. Therefore, Italian experience could confirm that women are unable to break through the glass. But it is still unclear if this is a tokenistic recruitment of women (so that a company is not really diverse) that may undermine the legitimacy of the process and reduce the effectiveness of women serving on company boards.

Probably, the presence of women imposed by law cannot be considered the most appropriate choice; however, according to the data described, it constituted a useful break with the past. An additional helpful element in demonstrating the cultural change in the Italian context is the low number of companies that tried to evade the new law: Consob, in fact, acting as Authority responsible for monitoring and controlling the correct application of the quota legislation, has intervened in very few cases (in 2013 the warning measures ordered were only two).

As was the case elsewhere, the introduction of quotas has given a decisive contribution to the appointment and inclusion of women on corporate boards thereby aligning Italy to European standards.

But to generate a real virtuous effect (as quotas are not by themselves sufficient), the company culture itself needs to be addressed; top management must ensure a visible commitment, monitoring the gender profile of its population (percentage of women recruited, promoted,

encouraged, comparisons of the remunerations, etc.), and ensuring a greater transparency of these data.

Finally, by adopting policies that support gender's diversity in recruitment and selection allows to attract talent in all areas, in career paths and opportunities for access to management positions, in the work-life balance policies.

As highlighted in the agency theory, stakeholder theory and resource dependence framework, individuals' characteristics can influence the ability to monitor and advise the inside directors and provide outside connections. Therefore, a more diversification and a non-tokenistic recruitment of women in company boards is a mean of good corporate governance.

The extensive literature offers several arguments for and against the introduction of compulsory quotas. We believe that the female under-representation on the highest corporate echelons and boards cannot be solved alone by a gender-quota system.

Ideally, quotas can be an effective tool to improve gender equality providing the initial step up that women need to achieve the critical mass, to break the glass ceiling and facilitate the female talent from getting to the top in listed companies.

However, if appointed women did not have sufficient skills and abilities (revealing a tokenistic recruitment of women in company boardrooms), the quota system would backfire and could reinforce prejudice and negative stereotypes, with the further result of depreciating the value of women and/or discouraging the women to invest in their careers "as they see that it does not 'take much' to become a board member" (Coate, Loury 1993:92): the positions may be acquired through quota requirements and merit it is not necessary to be appointed.

The lasting effects of the "pink-quotas" will depend on the ability to create a deep cultural change that the quota system is not able to support. Certainly, quotas could accelerate progress and reduce gender discrimination in the long term but they alone are not able to ensure board effectiveness. The forced gender balance, time-limited, cannot break down gender specific legacies and biases that still hinder the effective participation of women in the control bodies and corporate governance. Still too often women are recruited because they have a family relationship with the controlling shareholder. Furthermore (such as a possible negative consequences of quotas), by-passing competence and merit-based selection, quotas could imply that less qualified and less experienced women will join boards. In the Italian case, we documented that the newly (post-mandating gender quotas) appointed female board members were more qualified than their female predecessors: women with more competence are certainly preferable than any imposition by law of women's representation that might prove dysfunctional in the longer run.

Thanks to the law 120/2011, when a third of the councils will be dyed pink, maybe the women will be able to have a greater weight in corporate decisions.

The experience of other countries has shown that the quota system itself is not able to ensure

changes to the corporate decision-making. More and more evidence lead us to believe that the impact of diversity on performance depends on some factors and in particular the culture of the organization, its strategy and the human resource management practices. Certainly the shares in the boards represent a fundamental step even in this light as they help to create a culture that is open and supportive, triggering a cascade effect that over time will bring benefits at all organizational levels.

A growing literature highlights the potential benefits of women at the board level in terms of improvement of: 1) board behavior, independence and its performance, 2) company financial performance, 3) public and investor relationships and 4) legitimacy.

We believe that, particularly in the Italian context, having female board member and top executives may have positive effects on the career development of women at lower levels of an organization and potential and current (female) employees are more motivated to excel because they all see that they can reach the top. In career advancements, in fact, there are times when mentoring relationships and other support relationships may be important, and because these social relations are strongly influenced by the similarity with respect to certain social factors such as gender, the lack of women at top management can be a barrier to career opportunities of women. Conversely, women who occupy senior management positions appear to be more sensitive, than male colleagues, compared to the growth opportunities of its employees, encouraging them to fully express their potential. A woman would therefore strongly suggest that the presence of colleagues in senior management roles can increase her real career opportunities; this can only have a positive effect on motivation and commitment of women at all levels of the organization.

Furthermore, the concept of gender quotas system seems to trigger a change in the selection of directors, with a strong incentive for companies to exclude lower-skilled men in favor of competent women, thus increasing the average quality of its representatives, which presumably will act more effectively and may lead to better results.

Obviously, the presence of women in the management and supervisory bodies of the companies does not produce by itself higher performance. The main literature on the subject has also put out what are the conditions and the hidden dynamics that allow the board in which the female component is to be successful or not, and that gender diversity is a strategic asset for competitive advantage, and for the success of government enterprises. In this regard, the results of this literature and empirical tests conducted on an international scale designed to estimate the impact of women's participation to the boardrooms on the financial performance of companies are not fully converged and extensible any context, not least because of different sampling and analysis methods used and the different contexts investigated.

Particularly, the empirical literature yields largely inconclusive results on whether increased female representation on boards translates into improved business and better financial performance of the companies.

Referring to the Italian case, despite some clear limitations, this study provides some interesting findings and a roadmap for more focused future studies examination of these topic.

It was adopted a descriptive and qualitative approach through the use of secondary data. The survey has covered only the Italian joint stock companies and government-owned companies processed by Consob and Cerved. Thus the considered samples are not representative of smaller firms mainly operating in Italy and, therefore, generalizability of results is limited, even if they represent important insight.

Fully assess the quality of new female entrants on the boards and its effects on corporate governance effectiveness and financial performance of the Italian companies is still premature.

First, because this change is recent, it not yet consolidated and in some cases the companies have not yet adjusted the corporate statutes of the new regulations or renew the corporate bodies.

Secondly, while it is on the increase, is still somehow limited the share of board sits held by women.

Finally, because it would be more interesting to extend the analysis to a period of time longer (the legislation has been in force only since 2012) in order to reach conclusions more significant and important. So, yet there is no robust evidence on whether these quotas work.

We aim to develop this topic and provide further more detailed examinations of prominent positions (chairs, chief executives and directors) held by women across years. In particular, we need to examine gender issues related to structure, recruitment and dynamics of boardrooms.

Further research will address to better estimate in the long term how and to what extent the contribution of women influences the governance outcomes (the way that board works, its working style an effectiveness of the board processes), the business strategies and, as a result, the performances of the companies in the Italian context by changing the perspective of analysis so far studied.

Particularly, motivated by the mixed and inconclusive results regarding the relationship between women on boards, board effectiveness and companies performance, a current research is focused to examine the stock market reaction at announcement of a female CEOs appointment (or, in their absence, of the chairman of the board) in Italian companies and then the dynamics of stock prices in earlier and later times to announcements/appointments. A significant market reaction around the announcement would indicate the strategic importance of a female CEO and her contribution to future company prospects.

Given the relatively little empirical research on the subject, we expect that results of this study will be of great importance to organizations and capital market participants, such as investors, analysts, bankers, simply because companies will give more emphasis on the selection criteria of the CEO appointment, which subsequently affects shareholders' wealth. Furthermore, any positive relationship between announcement/appointment of female Ceos and stock price could likely indicate that society values diversity in the boardroom,

appointing qualified women as CEOs, and reflect a legitimacy effect in which shareholders are positively disposed toward the companies for complying with regulations.

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